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***Pros of Russia's Cooperation With NATO Outlined**

954F2868A Moscow SEGODNYA in Russian 14 Jul 95 p 9

[Article by Aleksandr Chistov and Yevgeniy Ikhlov: "NATO as a Phenomenon of Culture: Why Russia and NATO Need Each Other"]

[FBIS Translated Text] One more problem has been added to the problems within Russia: Russia's relationship to NATO (to join or not to join, to "be friends" or "not to be friends").

Opponents of joining NATO have a simple argument which they do not need to spell out: "NATO is our recent long-time enemy." Advocates of integration with NATO do not have as simple a thesis. We will try to present it.

Moscow Is Not the 'Capital of All Slavs'

The appearance of major cities which are transregional centers (Moscow, Paris, London, Madrid, Berlin, Vienna, and the like) is an essential condition for the emergence of the modern nations which dissolve "provincial" uniqueness.

A condition and main indicator of the formation of a separate "world" is the appearance of "universal cities." That is exactly how Alexandria, Rome, Constantinople, Baghdad, and, to a certain degree, Paris, London, Moscow, and New York became cultural-political centers of transnational "cultural circles."

But, unlike Rome and Constantinople, Moscow did not manage to become the capital of a special cultural circle (the center of Eastern Christianity or the "capital of all Slavs"). Both of Moscow's attempts to synthesize stable supranational ideologies (pan-Slavism and Leninism) ended in scandalous failure. Moscow was merely able to become the capital of a great military empire, then the capital of a short-lived world quasi-religion (communism). The instantaneous collapse of the Warsaw Pact (the NATO surrogate) was also caused by the collapse of this quasi-religion.

Recognition of Moscow's "inferiority" as a cultural capital is one of the unspoken reasons for opposition to the formal expansion of NATO.

The Kremlin Wasteland of the Spirit

The failure of international communism, the collapse of the "Kremlin empire," revealed the absence of a spiritual kinship among the peoples drawn into the orbit of Moscow politics.

The Roman Empire left Christianity and Roman law and philosophy as its legacy. Byzantium left Orthodoxy with the corresponding cultural tradition (including icon painting, dogma, and state politics).

The "socialist camp" left only conformism, xenophobia, a totally destroyed work ethic, and rusty "barbed wire."

The general desire of Russia's former satellites (and almost all Slavic states—from Poland to Ukraine) to integrate with the North Atlantic Alliance is proof of Moscow's failure as the Third Rome. This is an extremely humiliating fact for those dreaming of the superpower "holy Rus."

Eastern European peoples (including Slavic and Orthodox peoples) are hastening to depart for the community of "Europeans" and for the circle of Western civilization. Dismayed Moscow cannot offer them any spiritual, civilized alternative, since no self-respecting and universal cultural space (capable of being an alternative to the West) has become established in Northern Eurasia. Even the Islamic peoples of the former USSR, who based on their traditions are non-Western, gravitate toward fairly secular and altogether pro-Western Turkey, demonstratively shunning Moscow with its spasmodic pursuits of a "special path."

Russia may be a military-scientific giant and may accomplish an economic miracle, but if it is outside "Western civilization," it will always be a cultural periphery. The spiritual-historical distance between Russian Orthodox "Holy Rus" and the Catholic-Protestant-Liberal West is quite long. But the distance between Rus and the Islamic, Indo-Buddhist, and Confucian-Buddhist worlds is simply immense.

NATO as a Phenomenon of Culture

The main cultural phenomenon of NATO is the elimination in Western European mass consciousness of the hypertrophied romantic nationalism of the 19th century and the appearance of...

In 1848 the Europe of empires and kingdoms broke up into states and nations. One-hundred years later the "process started off" in the opposite direction—but now on a different level.

Thus, 40 years ago Western Germany's entry into NATO meant, among other things, that the Germans and the French had overcome the critical "Alsace" problem politically and psychologically. The Germans' refusal to make the "gathering" of their divided nation the basis of politics kept the peace in Europe, let the unique modern Western polycentrist civilization become stronger, and helped Germany become one of the leaders in it.

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A half century ago, the "Western German pain of separation from fellow countrymen" in Alsace, Austria, and Southern Tyrol, the loss of Silesia, Pomerania, and Eastern Prussia, the forced division of the nation, and the "Berlin Wall" was no less than the pain of the "loss" of the Crimea and Sevastopol, the Cossack oblasts of Kazakhstan, and so on is for Russian patriots today. Stepping past the "Alsace question," France and Germany (under the general Western aegis of NATO) created a union which became the basis of European integration. Today something similar may help Ukraine and Russia step past the "Crimean question" and create an alliance—the engine of Eastern European integration.

After the disappearance of the "threat of communism," the general military-technical culture which played its role as unifier can no longer be paramount in NATO. NATO today is a merger of politics and cultural values and a unique half-century synthesis of philosophies and technologies.

But it is precisely the radical difference of military-technical cultures which is one of the main obstacles on the path to the start of Russia's interaction with NATO. The "high-tech" Russian defense industries are, if I may say so, "sectarian." So conversion "has not taken off" and there are practically no mass-produced Russian consumer electronic devices today. And so there is no reform of the army (the new uniform does not count).

And at this point speaking of the Russian culture of army relations—against the background of the Chechnya war, the conflict in the Dniester Region, and the financial histories of Russian troops in Germany—is simply absurd and terrible.

The North Atlantic Union of Cultures

Formally NATO is a military-political union, and the entry into it of countries with many centuries of traditions of mutual wars signifies above all a clear-cut and unequivocal rejection of the old legacy of hostility and distrust.

The ceaseless conflicts and offenses of the Eastern European peoples were "frozen" half a century ago and are now rapidly "thawing," reviving the suffocating atmosphere on the eve of World War II on the continent. So the Eastern European countries' desire to "join NATO" is understandable. Moreover, considering membership in NATO as a "pass" to the European Union is perfectly justified—it is reasonable to allow into the delicate union of national economies and legal systems only "perfectly responsible" states which have proven their devotion to the principles of "Western democracy" and abandoned the traditions of "cerebrospinal patriotism."

All this means that for Russia this or that kind of union with NATO is above all a complicated but real opportunity to join the transnational community of the "Western world."

And palliatives like "strengthening the OSCE [Organization for Security and Cooperation in Europe]" will not help. The tradition of cooperation and a developed mechanism of integration have already "taken root" in NATO. NATO has a solid reputation as the core and citadel of the Western world.

A strong union of "northern peoples" who have adopted the principles of "Western democracy" and the values and traditions of Western Christianity (the Judeo-Classical-Christian civilization) has taken shape in NATO. In its present form, NATO is the prototype of general European unity and the dream of Kant and Hegel. NATO has already firmly united the West European cultural "mother country" with its daughter, North American civilization. Still remaining outside this union are the West's periphery—part of Scandinavia, the Baltic Region, the former Warsaw Bloc, Ukraine, and so forth, and in addition, one more great "branch" of European civilization—Russian civilization.

***Russian Federal Law on International Treaties**

954E1196A Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 pp 5-6

[Federal law of the Russian Federation adopted by the State Duma on 16 June 1995: "International Treaties of the Russian Federation"]

[FBIS Translated Text] International treaties form the legal basis of interstate relations and contribute to the maintenance of general peace and security and the development of international cooperation in accordance with the purposes and principles of the charter of the United Nations. International treaties have an important role in the defense of basic human rights and liberties and in support of states' legitimate interests.

Together with the generally recognized principles and rules of international law, international treaties of the Russian Federation are in accordance with the Constitution of the Russian Federation an integral part of its legal system. International treaties are an essential element of the stability of the international rule of law and of Russia's relations with foreign countries and of the functioning of a state based on the rule of law.

The Russian Federation advocates unswerving observance of treaty and customary provisions and confirms its commitment to the underlying principle of international law—the conscientious discharge of international commitments.

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Section I. General Provisions

Article 1. Tasks and sphere of application of this federal law

1. This federal law determines the procedure of the conclusion, fulfillment, and termination of international treaties of the Russian Federation.

International treaties of the Russian Federation shall be concluded, fulfilled, and terminated in accordance with the generally recognized principles and rules of international law, the provisions of the treaty itself, the Constitution of the Russian Federation, and this federal law.

2. This federal law shall apply in respect to international treaties of the Russian Federation (interstate and intergovernmental treaties and treaties of an interdepartmental nature), regardless of their type and appellation (treaty, agreement, convention, protocol, exchange of letters or notes, and other types and appellations of international treaties).

3. This federal law shall extend to international treaties to which the Russian Federation is a party as the state which is the continuer of the USSR.

Article 2. Use of terms

For the purposes of this federal law:

a) "international treaty of the Russian Federation" shall mean an international agreement concluded by the Russian Federation with a foreign state (or states) or with an international organization in writing and regulated by international law, regardless of whether this agreement is contained in one document or in several interconnected documents, and also regardless of its specific appellation;

b) "ratification," "confirmation," "adoption," and "accession" shall mean, depending on the occasion, the form of expression of the Russian Federation's consent to the obligation for it of an international treaty;

c) "signing" shall mean either the phase of conclusion of a treaty or the form of the Russian Federation's consent to the obligation for it of an international treaty in the event of the treaty specifying that the signing has such force or of an agreement of the Russian Federation and other states party to the negotiations otherwise establishing that the signing should have such force or the Russian Federation's intention to impart to the signing such force ensues from the authority of its representative or was expressed at the time of the negotiations;

d) "conclusion" shall mean the expression of the Russian Federation's consent to the obligation for it of an international treaty;

e) "authority" shall mean the document which emanates from a competent body of the Russian Federation and by means of which one person or several persons are appointed to represent the Russian Federation for the purpose of:

negotiating;

accepting the text of a treaty or establishing its authenticity;

expressing the Russian Federation's consent to the obligation for it of a treaty;

performing any other act pertaining to the treaty;

f) "reservation" shall mean a unilateral statement made at the time of the signing, ratification, confirmation, and adoption of a treaty or accession to it, by means of which a desire to exclude or alter the legal effect of certain provisions of the treaty as they apply to the Russian Federation is expressed;

g) "international organization" shall mean an interstate or intergovernmental organization;

h) "depositary" shall mean a state or international organization or its chief executive officer to which the original copy of an international treaty is presented for safekeeping and which performs in respect to this treaty the functions specified by international law.

Article 3. International treaties of the Russian Federation

1. In accordance with the Constitution of the Russian Federation, the conclusion, termination, and suspension of international treaties of the Russian Federation shall be within the jurisdiction of the Russian Federation.

2. International treaties of the Russian Federation shall be concluded with foreign states and also with international organizations on behalf of the Russian Federation (interstate treaties), on behalf of the Government of the Russian Federation (intergovernmental treaties), and on behalf of federal executive authorities (treaties of an interdepartmental nature).

Article 4. International treaties of the Russian Federation affecting the authority of a component of the Russian Federation

1. An international treaty of the Russian Federation affecting issues within the jurisdiction of a component of the Russian Federation shall be concluded following coordination with the organs of state power of the

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interested component of the Russian Federation to which the corresponding function has been entrusted.

2. The basic provisions or the draft of an international treaty affecting the authority of a component of the Russian Federation in respect to subjects of the joint jurisdiction of the Russian Federation and components of the Russian Federation shall be forwarded by the federal executive authorities to the organs of state power of the interested component of the Russian Federation to which the corresponding function has been entrusted. The proposals that are received shall be considered in the preparation of the draft treaty.

3. When questions of the conclusion of an international treaty of the Russian Federation are being coordinated, the organs of state power of the interested component of the Russian Federation to which the corresponding function has been entrusted shall be notified by the federal executive authorities of the deadline for the forwarding of proposals, which shall extend for not less than two weeks. A failure to deliver a response within the specified time frame shall not prevent the submittal of a proposal concerning the conclusion of an international treaty of the Russian Federation.

4. Questions of the participation of representatives of organs of state power of a component of the Russian Federation in the preparation of a draft international treaty affecting issues within the jurisdiction of the component of the Russian Federation or its authority in respect to subjects of the joint jurisdiction of the Russian Federation and components of the Russian Federation and also in the negotiations and its signing procedure shall be decided by the federal executive authorities following coordination with the organs of state power of the interested component of the Russian Federation to which the corresponding function has been entrusted.

Article 5. International treaties of the Russian Federation in the legal system of the Russian Federation

1. International treaties of the Russian Federation, together with the generally recognized principles and rules of international law, shall in accordance with the Constitution of the Russian Federation be an integral part of its legal system.

2. If an international treaty of the Russian Federation establishes rules other than those specified by the law, the rules of the international treaty shall apply.

3. The provisions of officially published international treaties of the Russian Federation not requiring the promulgation of intra-state acts for application shall operate in the Russian Federation directly. For the implementation of other provisions of international treaties of the Russian Federation, the corresponding legal documents shall be adopted.

Article 6. Expression of the Russian Federation's consent to the obligation for it of an international treaty

1. The Russian Federation's consent to the obligation for it of an international treaty may be expressed by way of:

the signing of the treaty;

an exchange of the documents forming the treaty;

ratification of the treaty;

confirmation of the treaty;

adoption of the treaty;

accession to a treaty;

the use of any other mode of expression of consent on which the contracting parties have agreed.

2. Decisions on consent to the obligation for the Russian Federation of international treaties shall be adopted by organs of state power of the Russian Federation in accordance with their competence established by the Constitution of the Russian Federation, this federal law, and other acts of legislation of the Russian Federation.

Article 7. Notification of the Federal Assembly of the Russian Federation of international treaties of the Russian Federation

1. The Ministry of Foreign Affairs of the Russian Federation shall notify the Federation Council and the State Duma of the Federal Assembly of the Russian Federation of international treaties of the Russian Federation concluded on behalf of the Russian Federation and on behalf of the Government of the Russian Federation and also of the termination of such treaties or their suspension.

2. In accordance with requests of the chambers of the Federal Assembly of the Russian Federation, the Government of the Russian Federation shall ensure that information on international treaties that are being prepared for signing is made available.

Section II. Conclusion of International Treaties of the Russian Federation

Article 8. Recommendations on the conclusion of international treaties of the Russian Federation

1. Recommendations on the conclusion of international treaties of the Russian Federation may be presented, depending on the nature of the matters broached, for consideration by the president of the Russian Federation

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or the Government of the Russian Federation by either chamber of the Federal Assembly of the Russian Federation and components of the Russian Federation in the person of their corresponding organs of state power.

Such recommendations may be presented also by the Supreme Court of the Russian Federation, the Supreme Court of Arbitration of the Russian Federation, the General Procuracy of the Russian Federation, and the human rights commissioner on matters within their jurisdiction.

2. The president of the Russian Federation and the Government of the Russian Federation or, on their behalf, a federal minister or the leader of some federal executive authority shall within a month's time deliver a response to the recommendation.

Article 9. Proposals concerning the conclusion of international treaties of the Russian Federation

1. Proposals concerning the conclusion of international treaties on behalf of the Russian Federation shall be presented to the president of the Russian Federation, and proposals concerning the conclusion of international treaties on behalf of the Russian Federation on matters within the jurisdiction of the Government of the Russian Federation shall be presented to the Government of the Russian Federation.

2. Proposals concerning the conclusion of international treaties on behalf of the Russian Federation shall be presented to the president of the Russian Federation by the Ministry of Foreign Affairs of the Russian Federation.

Other federal executive authorities shall present to the president of the Russian Federation proposals concerning the conclusion of international treaties on behalf of the Russian Federation on matters within their jurisdiction in conjunction with the Ministry of Foreign Affairs of the Russian Federation or following coordination with it.

Proposals concerning the conclusion of international treaties on behalf of the Russian Federation requiring their preliminary consideration by the Government of the Russian Federation and subject to presentation to the president of the Russian Federation shall be submitted to the Government of the Russian Federation. The decisions of the Government of the Russian Federation on the presentation to the president of the Russian Federation of proposals concerning the conclusion of international treaties on behalf of the Russian Federation shall be adopted in the form of decrees.

Proposals concerning the conclusion of international treaties on behalf of the Russian Federation on matters within the jurisdiction of the Government of the Russian Federation shall be presented in the procedure established by clause 3 of this article.

3. Proposals concerning the conclusion of international treaties on behalf of the Government of the Russian Federation shall be presented to the Government of the Russian Federation by the Ministry of Foreign Affairs of the Russian Federation.

Other federal executive authorities shall present to the Government of the Russian Federation proposals concerning the conclusion of international treaties on behalf of the Government of the Russian Federation on matters within their competence in conjunction with the Ministry of Foreign Affairs or following coordination with it.

4. Proposals concerning the conclusion of international treaties of the Russian Federation of an interdepartmental nature shall be presented to the Government of the Russian Federation by federal executive authorities, on matters within their competence in conjunction with the Ministry of Foreign Affairs of the Russian Federation or following coordination with it.

5. Proposals concerning the conclusion of international treaties of the Russian Federation shall prior to their presentation to the president of the Russian Federation or the Government of the Russian Federation be coordinated with the interested federal executive authorities, other organs of state power of the Russian Federation, and the organs of state power of the corresponding components of the Russian Federation.

A proposal concerning the conclusion of an international treaty must contain a draft of the treaty or its basic provisions, a justification of the expediency of its conclusion, and a ruling on the conformity of the draft treaty to legislation of the Russian Federation and also an estimate of the possible financial and economic and other consequences of the conclusion of the treaty.

6. Federal executive authorities shall be entitled following coordination with the Ministry of Foreign Affairs of the Russian Federation to hold consultations with the corresponding authorities of foreign states or international organizations for the purpose of the preparation of draft international treaties for presentation in the procedure established by clauses 1-5 of this article and proposals concerning their conclusion to the president of the Russian Federation or the Government of the Russian Federation.

Article 10. Functions of the Ministry of Justice of the Russian Federation in connection with the conclusion of international treaties of the Russian Federation

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1. Proposals concerning the conclusion of international treaties of the Russian Federation establishing rules other than those specified by legislation of the Russian Federation shall be presented to the president of the Russian Federation or the Government of the Russian Federation following coordination with the Ministry of Justice of the Russian Federation.

2. The Ministry of Justice of the Russian Federation shall, particularly if this is specified by the international treaty of the Russian Federation or is a necessary condition of its implementation, produce findings on questions of the conformity of provisions of the treaty to legislation of the Russian Federation and their legal force in the Russian Federation and also on other matters connected with the implementation and fulfillment of this treaty.

Article 11. Decisions concerning the conduct of negotiations and the signing of international treaties of the Russian Federation

1. Decisions on the conduct of negotiations and the signing of international treaties of the Russian Federation shall be adopted:

a) in respect to treaties concluded on behalf of the Russian Federation, by the president of the Russian Federation, and in respect to treaties concluded on behalf of the Russian Federation on matters within the jurisdiction of the Government of the Russian Federation, by the Government of the Russian Federation;

b) in respect to treaties concluded on behalf of the Government of the Russian Federation, by the Government of the Russian Federation.

2. The president shall adopt decisions on the conduct of negotiations and the signing of international treaties on matters within the jurisdiction of the Government of the Russian Federation should the need arise.

3. The Government of the Russian Federation shall adopt decisions on the conduct of negotiations on the conclusion of international treaties of the Russian Federation of an interdepartmental nature.

Decisions on the signing of international treaties of an interdepartmental nature shall be adopted by a federal minister or the leader of some other federal executive authority to whose jurisdiction the matters regulated by such treaties pertain following coordination with the Ministry of Foreign Affairs of the Russian Federation.

4. The Government of the Russian Federation shall adopt the decisions on the signing of international treaties of an interdepartmental nature if the corresponding matters are of importance for the state interests of the Russian Federation.

Article 12. The conduct of negotiations and the signing of international treaties of the Russian Federation without the need for exhibition of authority

1. The president of the Russian Federation, as the head of state, shall represent the Russian Federation in international relations and shall in accordance with the Constitution of the Russian Federation and international law conduct negotiations and sign international treaties of the Russian Federation without the need to exhibit authority.

2. The chairman of the Government of the Russian Federation, as head of the government, and the minister of foreign affairs of the Russian Federation shall by virtue of their functions and in accordance with international law conduct negotiations and sign international treaties of the Russian Federation without the need to exhibit authority.

3. A federal minister or the leader of some other federal executive body shall to the extent of his competence be entitled to conduct negotiations and sign international treaties of the Russian Federation of an interdepartmental nature without exhibition of authority.

4. The head of a diplomatic mission of the Russian Federation in a foreign state or the head of a mission of the Russian Federation attached to an international organization shall be entitled to conduct negotiations for the purpose of the adoption of the text of an international treaty between the Russian Federation and the host state or within the framework of this international organization without exhibition of authority.

Article 13. Authority to conduct negotiations and to sign international treaties of the Russian Federation

Authority to conduct negotiations and to sign international treaties of the Russian Federation shall be conferred:

a) in respect to treaties concluded on behalf of the Russian Federation, on the president of the Russian Federation, and in respect to treaties concluded on behalf of the Russian Federation on matters within the jurisdiction of the Government of the Russian Federation, on the Government of the Russian Federation. Authority to conduct negotiations and to sign the said treaties shall be formalized on behalf of the president of the Russian Federation or on behalf of the Government of the Russian Federation by the Ministry of Foreign Affairs of the Russian Federation;

b) in respect to treaties concluded on behalf of the Government of the Russian Federation, on the Government of the Russian Federation. Authority to conduct negotiations and to sign the said treaties shall be formalized

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on behalf of the Government of the Russian Federation by the Ministry of Foreign Affairs of the Russian Federation;

c) in respect to treaties of an interdepartmental nature, on a federal minister or the leader of some other federal executive body.

Article 14. Ratification of international treaties of the Russian Federation

In accordance with the Constitution of the Russian Federation, international treaties of the Russian Federation shall be ratified in the form of a federal law.

Article 15. International treaties of the Russian Federation subject to ratification

1. Subject to ratification shall be international treaties of the Russian Federation:

a) whose execution requires an alteration of current or the adoption of new federal laws and which establish also rules different from those specified by law;

b) the subject of which are basic rights and liberties of man and citizen;

c) on the territorial demarcation of the Russian Federation with other states, including treaties on the passage of the state border of the Russian Federation, and also on the demarcation of the exclusive economic zone and the continental shelf of the Russian Federation;

d) on the fundamentals of interstate relations on matters affecting the defense capability of the Russian Federation, on matters of disarmament or international arms control, and on questions of the maintenance of international peace and security and also peace treaties and treaties on collective security;

e) on the participation of the Russian Federation in interstate alliances, international organizations, and other interstate associations if such treaties specify the transfer to them of the exercise of some powers of the Russian Federation or establish the legal obligation of the decisions of their bodies for the Russian Federation.

2. Equally subject to ratification are international treaties of the Russian Federation upon whose conclusion the parties agreed on subsequent ratification.

Article 16. Procedure of submittal of international treaties for ratification

1. International treaties, decisions on the signing of which were adopted by the president of the Russian Federation, shall be submitted to the State Duma of the Federal Assembly of the Russian Federation for ratification by the president of the Russian Federation.

International treaties, decisions on the signing of which were adopted by the Government of the Russian Federation, shall be submitted to the State Duma for ratification by the Government of the Russian Federation.

The Government of the Russian Federation shall be entitled, if necessary, to present to the president of the Russian Federation a proposal concerning the submittal for ratification of an international treaty, the decision on the signing of which was adopted by the Government of the Russian Federation.

2. Proposals concerning the approval and submittal for ratification of international treaties shall be presented to the president of the Russian Federation and the Government of the Russian Federation respectively by the Ministry of Foreign Affairs of the Russian Federation independently or in conjunction with other federal executive authorities if the treaty concerns questions within their competence.

International treaties which are to be presented to the president of the Russian Federation for submittal for ratification and whose fulfillment requires their preliminary consideration by the Government of the Russian Federation shall be presented to the Government of the Russian Federation.

3. Decisions of the Government of the Russian Federation on the approval and submittal for ratification of international treaties and also on the approval and presentation to the president of the Russian Federation for the submittal for ratification of international treaties shall be adopted in the form of a decree.

4. A proposal concerning ratification of an international treaty must contain a certified copy of the official text of the international treaty, justification of the expediency of its ratification, and a ruling on the treaty's conformity to legislation of the Russian Federation, and also an estimate of the possible financial and economic and other consequences of ratification of the treaty, including, if necessary, findings of the Government of the Russian Federation as specified by Article 104 of the Constitution of the Russian Federation.

5. In the event of the submittal to the State Duma on the basis of Article 104 of the Constitution of the Russian Federation by a subject of the right of legislative initiative not mentioned in clause 1 of this article of a bill on the question of ratification of an international treaty which has yet to take effect for the Russian Federation, but which is subject to ratification in accordance with Article 15 of this federal law, the State Duma shall forward the submitted bill to the president of the Russian Federation for proposals concerning this bill.

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Article 17. Decisions on the ratification of international treaties of the Russian Federation

1. The State Duma shall consider proposals concerning the ratification of international treaties and, after preliminary discussion in committees and commissions of the State Duma, shall adopt the corresponding decisions.

Federal laws on the ratification of international treaties of the Russian Federation adopted by the State Duma shall be subject in accordance with the Constitution of the Russian Federation to compulsory consideration in the Federation Council.

2. A federal law on the ratification of an international treaty of the Russian Federation adopted by the Federal Assembly shall be forwarded in accordance with the Constitution of the Russian Federation to the president of the Russian Federation for signing and publication.

Article 18. Signing of an instrument of ratification

On the basis of the federal law on ratification of an international treaty of the Russian Federation, the president of the Russian Federation shall sign the instrument of ratification, which shall be authenticated by his seal and the signature of the minister of foreign affairs of the Russian Federation.

Article 19. Exchange of the instruments of ratification and presentation of the instruments of ratification of international treaties of the Russian Federation for safekeeping to the depositaries

The exchange of the instruments of ratification and the presentation of the instruments of ratification of international treaties of the Russian Federation for safekeeping to the depositaries shall be performed, unless there is some other arrangement, by the Ministry of Foreign Affairs of the Russian Federation or, on its behalf, by the diplomatic mission of the Russian Federation in a foreign state or a mission of the Russian Federation attached to an international organization.

Article 20. Confirmation and adoption of international treaties

1. The confirmation and adoption of international treaties which are subject to confirmation and adoption shall be undertaken:

a) in respect to treaties concluded on behalf of the Russian Federation on the matters specified in clause 1 of Article 15 of this federal law, in the form of a federal law in the procedure established by Article 17 of this federal law for the ratification of international treaties;

b) in respect to treaties concluded on behalf of the Russian Federation (except for treaties specified by subclause "a" of this clause), by the president of the Russian Federation, and in respect to treaties concluded on behalf of the Russian Federation on matters within the jurisdiction of the Government of the Russian Federation, by the Government of the Russian Federation;

c) in respect to treaties concluded on behalf of the Government of the Russian Federation, by the Government of the Russian Federation.

2. The president of the Russian Federation shall adopt decisions on the confirmation and adoption of international treaties on matters within the jurisdiction of the Government of the Russian Federation should the need arise.

3. International treaties of an interdepartmental nature specifying their implementation following their confirmation and adoption shall be confirmed and adopted by the federal executive authorities on whose behalf these treaties were signed.

4. Proposals concerning the confirmation and adoption of international treaties in the form of a federal law shall be presented in the procedure established by Article 16 of this federal law, and in other instances, in the procedure specified by Article 9 of this federal law.

Article 21. Accession of the Russian Federation to international treaties

1. Decisions on the Russian Federation's accession to international treaties shall be adopted:

a) in respect to treaties, accession to which is effected on behalf of the Russian Federation, on matters specified in clause 1 of Article 15 of this federal law, in the form of a federal law in the procedure established by Article 17 of this federal law for the ratification of international treaties;

b) in respect to treaties, accession to which is effected on behalf of the Russian Federation (except for treaties specified by subclause "a" of this clause), by the president of the Russian Federation, and in respect to treaties, accession to which is effected on behalf of the Russian Federation, on matters within the jurisdiction of the Government of the Russian Federation, by the Government of the Russian Federation;

c) in respect to treaties, accession to which is effected on behalf of the Government of the Russian Federation, by the Government of the Russian Federation.

2. The president of the Russian Federation shall adopt decisions on the accession to international treaties on matters within the jurisdiction of the Government of the Russian Federation should the need arise.

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3. Accession to international treaties of an interdepartmental nature shall be effected in the procedure established by clauses 3 and 4 of Article 11 of this federal law.

4. Proposals concerning the accession to international treaties effected in the form of a federal law shall be presented in the procedure established by Article 16 of this federal law, and in other instances, in the procedure specified by Article 9 of this federal law.

Article 22. Special procedure of the expression of consent to the obligation for the Russian Federation of international treaties

If an international treaty contains rules requiring an alteration of individual provisions of the Constitution of the Russian Federation, a decision on consent to its obligation for the Russian Federation shall be possible in the form of a federal law only after the corresponding amendments to the Constitution of the Russian Federation have been made or its provisions revised in the established procedure.

Article 23. Temporary application by the Russian Federation of an international treaty

1. An international treaty or part of a treaty may prior to its taking effect be applied by the Russian Federation temporarily, if provision is made for this in the treaty or if an agreement with the parties which signed the treaty has been reached on this.

2. Decisions on the temporary application by the Russian Federation of an international treaty or part of it shall be adopted by the body which adopted the decision on the signing of the international treaty in the procedure established by Article 11 of this federal law.

If an international treaty, a decision on consent to the obligation of which for the Russian Federation is in accordance with this federal law to be adopted in the form of a federal law, makes provision for the temporary application of the treaty or a part of it, or if agreement on this has been reached with the parties in some other way, it shall be presented to the State Duma within a time frame of no more than six months from the date of the commencement of its temporary application. For a decision adopted in the form of a federal law in the procedure established by Article 17 of this federal law for the ratification of international treaties, the time frame of temporary application may be extended.

3. Unless the international treaty specifies otherwise, or unless the corresponding states have agreed otherwise, the Russian Federation's temporary application of the treaty or a part of it shall terminate upon notification of the other states which are applying the treaty temporarily of the Russian Federation's intention not to be a party to the treaty.

Article 24. Implementation of international treaties of the Russian Federation

1. International treaties shall take effect for the Russian Federation in accordance with this federal law and in the procedure and time frame specified in the treaty or agreed between the contracting parties.

2. Official announcements of the Ministry of Foreign Affairs of the Russian Federation on the implementation of international treaties of the Russian Federation concluded on behalf of the Russian Federation and on behalf of the Government of the Russian Federation shall be published in the procedure specified by Article 30 of this federal law.

Article 25. Reservations to international treaties of the Russian Federation

1. Reservations may be made at the time of the signing, ratification, confirmation, or adoption of international treaties of the Russian Federation or of the accession to treaties with observance of the terms of the treaty and the corresponding rules of international law.

2. Reservations may be lifted at any time (unless specified otherwise by an international treaty of the Russian Federation) in the same procedure in which they were made.

3. A reservation made by another contracting state to an international treaty of the Russian Federation shall be accepted or exception be taken to it in accordance with the terms of the treaty itself and the rules of international law by the body adopting the decision on consent to the obligation for the Russian Federation of the international treaty.

Proposals concerning the acceptance of or exception taken to reservations in the form of a federal law shall be presented in the procedure established by Article 16 of this federal law, and in other instances, in the procedure specified in Article 9 of this federal law.

Section III. Registration and Official Publication of International Treaties of the Russian Federation

Article 26. Unified state system of registration and recording of international treaties of the Russian Federation

The unified state system of registration and recording of international treaties of the Russian Federation shall be within the jurisdiction of the Ministry of Foreign Affairs of the Russian Federation.

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Article 27. Registration of international treaties of the Russian Federation with international organizations

International treaties of the Russian Federation shall be registered with the Secretariat of the United Nations and with the corresponding authorities of other international organizations by the Ministry of Foreign Affairs of the Russian Federation.

Article 28. Custody of the texts of international treaties of the Russian Federation

1. Originals (certified copies, official translations) of international treaties of the Russian Federation concluded on behalf of the Russian Federation and on behalf of the Government of the Russian Federation shall be presented for safekeeping to the Ministry of Foreign Affairs of the Russian Federation within two weeks from the day that they are signed (certified copies and official translations received from the depositary), and copies of these treaties shall within two weeks from the day that they take effect be sent out to the corresponding federal executive authorities and the organs of state power of the corresponding components of the Russian Federation.

2. Originals of international treaties of the Russian Federation of an interdepartmental nature shall be kept in the archives of the corresponding federal executive authorities, and certified copies of these treaties shall within two weeks from the day that they are signed (certified copies and official translations received from the depositary) be forwarded to the Ministry of Foreign Affairs of the Russian Federation.

Article 29. Exercise of the functions of depositary

1. The Ministry of Foreign Affairs of the Russian Federation shall exercise the functions of depositary of multilateral international treaties if in accordance with the terms of these treaties such functions are entrusted to the Russian Federation.

2. Correspondence with the authorities of foreign states and international organizations or their chief executive officers exercising the functions of depositary of multilateral international treaties shall be undertaken by the Ministry of Foreign Affairs of the Russian Federation.

Article 30. Official publication of international treaties of the Russian Federation

1. International treaties which have taken effect for the Russian Federation, the decisions on the consent to the obligation of which for the Russian Federation were adopted in the form of a federal law, are to be officially published following a representation of the Ministry of Foreign Affairs of the Russian Federation in the Compiled Legislation of the Russian Federation.

2. International treaties which have taken effect for the Russian Federation (except treaties of an interdepartmental nature) shall be published officially following a representation of the Ministry of Foreign Affairs of the Russian Federation in the Bulletin of International Treaties also.

3. International treaties of the Russian Federation of an interdepartmental nature shall be published in accordance with a decision of the federal executive authorities on whose behalf such treaties were concluded in the official publications of these authorities.

Section IV. Fulfillment of International Treaties of the Russian Federation

Article 31. Fulfillment of international treaties of the Russian Federation

1. International treaties of the Russian Federation are to be conscientiously fulfilled in accordance with the terms of the international treaties themselves, the rules of international law, the Constitution of the Russian Federation, this federal law, and other acts of legislation of the Russian Federation.

2. Prior to an international treaty taking effect for it, the Russian Federation shall refrain with regard to the corresponding rules of international law from actions which would deprive the treaty of its object and purpose.

3. An international treaty is to be fulfilled by the Russian Federation from the moment that it takes effect for the Russian Federation.

Article 32. Support for fulfillment of international treaties of the Russian Federation

1. The president of the Russian Federation and the Government of the Russian Federation shall adopt measures geared to support for the fulfillment of international treaties of the Russian Federation.

2. The federal executive authorities within whose jurisdiction the matters regulated by international treaties of the Russian Federation fall shall provide for the discharge of the commitments of the Russian side in respect to the treaties and the exercise of the rights of the Russian Federation ensuing from these treaties and also observe the discharge of their commitments by other parties to the treaties.

3. The organs of state power of the corresponding components of the Russian Federation shall make provision within their authority for the fulfillment of international treaties of the Russian Federation.

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4. General observation of the fulfillment of international treaties of the Russian Federation shall be exercised by the Ministry of Foreign Affairs of the Russian Federation.

Article 33. Measures adopted in the event of the violation of an international treaty of the Russian Federation by other parties to it

In the event of a violation of commitments in respect to an international treaty of the Russian Federation by other parties to it, the Ministry of Foreign Affairs of the Russian Federation or other federal executive authorities in conjunction with the Ministry of Foreign Affairs of the Russian Federation shall present, depending on the jurisdiction within which the matters regulated by the treaty fall, to the president of the Russian Federation or the Government of the Russian Federation proposals concerning the adoption of the necessary measures in accordance with the rules of international law and the terms of the treaty itself.

Article 34. Conformity of international treaties to the Constitution of the Russian Federation

1. The Constitutional Court of the Russian Federation shall in the procedure determined by federal constitutional statute resolve cases concerning the conformity to the Constitution of the Russian Federation of international treaties or individual provisions thereof which have not taken effect for the Russian Federation and resolve disputes over jurisdiction between federal organs of state power and also between organs of state power of the Russian Federation and organs of state power of components of the Russian Federation in connection with the conclusion of international treaties of the Russian Federation.

2. International treaties which have not taken effect for the Russian Federation and which have been found by the Constitutional Court of the Russian Federation not to conform to the Constitution of the Russian Federation shall not be subject to implementation or application.

Section V. Termination and Suspension of International Treaties of the Russian Federation

Article 35. Recommendations on the termination or suspension of international treaties of the Russian Federation

1. Recommendations on the termination or suspension of international treaties of the Russian Federation may be offered for consideration, depending on the jurisdiction within which the matters regulated by the treaty fall, to the president of the Russian Federation or the Government of the Russian Federation by either chamber of the Federal Assembly of the Russian Federation and components of the Russian Federation in the person of their corresponding organs of state power.

Such recommendations may be offered also by the Supreme Court of the Russian Federation, the Supreme Court of Arbitration of the Russian Federation, the General Procuracy of the Russian Federation, the Central Bank of the Russian Federation, and the human rights commissioner on matters within their jurisdiction.

2. The president of the Russian Federation and the Government of the Russian Federation or, on their behalf, a federal minister or the leader of some other federal executive authority shall within a month's time deliver a response to the recommendations.

Article 36. Proposals concerning the termination or suspension of international treaties of the Russian Federation

1. Proposals concerning the termination or suspension of international treaties of the Russian Federation concluded on behalf of the Russian Federation and on behalf of the Government of the Russian Federation shall be presented, depending on who adopted the decision on consent to the obligation for the Russian Federation of the treaty, to the president of the Russian Federation or to the Government of the Russian Federation by the Ministry of Foreign Affairs of the Russian Federation independently or following coordination with other federal executive authorities, other organs of state power of the Russian Federation, and organs of state power of the corresponding components of the Russian Federation.

2. Proposals concerning the termination or suspension of international treaties of the Russian Federation, the decisions on consent to the obligation of which for the Russian Federation were adopted in the form of a federal law, shall be submitted to the State Duma by the president of the Russian Federation or the Government of the Russian Federation, depending on who presented the proposal on the basis of which the Federal Assembly of the Russian Federation gave its consent to the conclusion of the international treaty of the Russian Federation.

The president of the Russian Federation shall, should the need arise, submit to the State Duma proposals concerning the termination or suspension of international treaties of the Russian Federation, decisions on consent to the obligation of which for the Russian Federation were adopted in the form of a federal law on the basis of a representation of the Government of the Russian Federation.

The Government of the Russian Federation shall be entitled, if necessary, to present to the president of the Russian Federation a proposal on the submittal to the

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State Duma of a proposal concerning the termination or suspension of an international treaty of the Russian Federation, the decision on consent to the obligation of which for the Russian Federation was adopted in the form of a federal law on the basis of a representation of the Government of the Russian Federation.

Proposals concerning the termination or suspension of international treaties of the Russian Federation which are to be presented to the president of the Russian Federation for submittal to the State Duma and which require preliminary consideration by the Government of the Russian Federation shall be presented to the Government of the Russian Federation.

3. A proposal concerning the termination or suspension of an international treaty of the Russian Federation must contain a certified copy of the official text of the international treaty and justification of the expediency of its termination or suspension and also an estimate of the possible financial and economic and other consequences of the termination or suspension of the treaty, including, if necessary, findings of the Government of the Russian Federation specified by Article 104 of the Constitution of the Russian Federation.

4. Decisions of the Government of the Russian Federation on the submittal to the State Duma of proposals concerning the termination or suspension of international treaties of the Russian Federation and also concerning the presentation to the president of the Russian Federation for submittal to the State Duma of proposals concerning the termination or suspension of international treaties of the Russian Federation shall be adopted in the form of a decree.

5. In the event of the submittal to the State Duma on the basis of Article 104 of the Constitution of the Russian Federation by a subject of the right of legislative initiative not mentioned in clause 2 of this article of a bill on the question of the termination or suspension of an international treaty of the Russian Federation, the State Duma shall forward the submitted bill to the president of the Russian Federation for proposals on this bill.

Article 37. Termination and suspension of international treaties of the Russian Federation

1. International treaties of the Russian Federation shall be terminated (including denounced) and suspended in accordance with the terms of the treaty itself and the rules of international law by the body which adopted the decision on consent to the obligation of the international treaty for the Russian Federation.

2. The president of the Russian Federation shall adopt, should the need arise, a decision on the termination or suspension of international treaties of the Russian Federation, consent to the obligation of which for the Russian Federation was given by the Government of the Russian Federation.

3. The State Duma shall consider the proposals concerning the termination or suspension of international treaties of the Russian Federation and, after preliminary discussion in committees and commissions of the State Duma, shall adopt the appropriate decisions.

Federal laws on the termination (including denunciation) or suspension of international treaties of the Russian Federation adopted by the State Duma are subject in accordance with the Constitution of the Russian Federation to compulsory consideration in the Federation Council.

A federal law on the termination (including denunciation) or suspension of international treaties of the Russian Federation adopted by the Federal Assembly shall in accordance with the Constitution of the Russian Federation be forwarded to the president of the Russian Federation for signing and publication.

4. An international treaty of the Russian Federation, the decision on consent to the obligation of which for the Russian Federation was adopted in the form of a federal law, may be suspended by the president of the Russian Federation in instances requiring the adoption of urgent measures, with the obligatory immediate notification of the Federation Council and the State Duma and the submittal to the State Duma of a draft of the corresponding federal law.

In the event of the State Duma rejecting the draft federal law on the suspension of an international treaty of the Russian Federation, the operation of the treaty shall be resumed immediately.

5. International treaties of the Russian Federation of an interdepartmental nature shall be terminated and suspended by the federal executive authorities on whose behalf such treaties were concluded following coordination with the Ministry of Foreign Affairs of the Russian Federation and other interested federal executive authorities and organs of state power of the corresponding components of the Russian Federation and with the authorization of the Government of the Russian Federation.

6. The Government of the Russian Federation shall adopt decisions on the termination or suspension of international treaties of the Russian Federation of an interdepartmental nature if the corresponding questions are of importance for the state interests of the Russian Federation.

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7. Decisions to terminate (including denounce) and suspend international treaties to which the Russian Federation is a party as the state which is the continuer of the USSR shall be adopted by organs of state power of the Russian Federation in accordance with their competence established by the Constitution of the Russian Federation, this federal law, and other acts of legislation of the Russian Federation.

The corresponding proposals and bills shall be submitted in conformity with the procedure established by Article 36 of this federal law.

Article 38. Consequences of the termination of an international treaty of the Russian Federation

The termination of an international treaty of the Russian Federation shall, unless the treaty specifies otherwise or if there is no other arrangement with its other parties, release the Russian Federation from any commitment to fulfill the treaty subsequently and shall not influence the rights, obligations, or legal position of the Russian Federation which have arisen as a result of fulfillment of the treaty prior to its termination.

Article 39. Consequences of the suspension of an international treaty of the Russian Federation

1. The suspension of an international treaty of the Russian Federation shall, unless the treaty specifies otherwise or if there is no other arrangement with its other parties, release the Russian Federation from the commitment to fulfill the treaty in the period of suspension in its relations with those of its parties with which the treaty is suspended and shall not otherwise influence the legal relations of the Russian Federation with its other parties established by the treaty.

2. In the period of suspension of an international treaty of the Russian Federation, the organs of state power of the Russian Federation and the organs of state power of the corresponding components of the Russian Federation shall refrain from actions which could impede a resumption of the treaty.

Article 40. Official announcements on the termination or suspension of international treaties of the Russian Federation

Official announcements of the Ministry of Foreign Affairs of the Russian Federation on the termination or suspension of international treaties of the Russian Federation concluded on behalf of the Russian Federation and on behalf of the Government of the Russian Federation shall be published in the procedure specified by Article 30 of this federal law.

Section VI. Final Provisions

Article 41. Implementation of this federal law

This federal law shall take effect the day of its official publication.

[Signed] B. Yeltsin, president of the Russian Federation

The Kremlin, Moscow, 15 July 1995
No 101-FZ

*Group To Manage Controlling Package of Eximbank Shares Formed

954E1200A Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 4

["Russian Federation Government Decree No. 708 of 14 July 1995 on the Group To Manage the Controlling Block of Shares in the Russian Export-Import Bank"]

[FBIS Translated Text] In order to increase effective representation of the state's interests in the Russian Export-Import Bank, the Russian Federation Government **decrees:**

1. The representatives of the Russian Federal Property Fund, the Russian Federation Ministry of Finance, the Russian Federation Ministry of Economics, and the Russian Federation Ministry of Foreign Economic Relations are to be part of the group managing the controlling block of shares in the Russian Export-Import Bank (Roseksimbank), which belongs to the state.

2. The Russian Federal Property Fund is to approve regulations on the activity of the group cited, bearing in mind that the group votes with a single block of shares.

3. The Russian Federal Property Fund is to submit the head of the group managing the controlling block of shares belonging to the state for the position of chairman of the Russian Export-Import Bank Council.

4. Agreement is to be reached with the Russian Federal Property Fund on including A.N. Shokhin in the group managing the controlling block of shares belonging to the state and on his appointment as head of this group.

5. Within one month, A.N. Shokhin, head of the group managing the controlling block of shares belonging to the state in the Russian Export-Import Bank, is to submit proposals in the established procedure to the Russian Federation Government on the prospects for development of the Russian Export-Import Bank as a specialized bank to stimulate and support the exports of Russian producers in coordination with the expansion of banking operations by the bank cited to implement the functions of an agent of the Russian Federation Government with respect to state credits, as well as

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to insure against risks connected with the operations carried out in conformity with interstate agreements and improvement in the structure of foreign trade turnover.

6. Paragraph 3, Point 1 of Russian Federation Decree No. 16 of 11 January 1994 "On the Russian Export-Import Bank" (Collection of documents of the President and Government of the Russian Federation No. 3, Article 275, 1994) is to be edited as follows:

"Management of the controlling block of shares belonging to the state is performed by a group created by the Russian Federal Property Fund in coordination with the Russian Federation Ministry of Finance, Ministry of Foreign Economic Relations, and Ministry of Economics which is made up of representatives of the ministries and fund cited."

[Signed] **Chairman of the Russian Federation Government**

V. CHERNOMYRDIN

***Avtobank Provides Capital, Gets 70 Percent of Kyrgyz Bank**

954E1200B Moscow KOMMERSANT DAILY in Russian 11 Jul 95 p 5

[Report by Maksim Aksimov: "The Avtobank Will Help Kyrgyzstan's Banking System"]

[FBIS Translated Text] ***The first commercial bank with the participation of Russian capital has been established in Kyrgyzstan. This was announced at a press conference held yesterday by Nataliya Rayevskaya, chairman of the board of Avtobank. After an increase in the authorized capital of the Kyrgyz "Akniyet" Bank up to $1 million, 70 percent of the shares now belong to Avtobank. In addition, Avtobank, jointly with the National Bank of Kyrgyzstan, is exploring the possibility of forming a currency exchange in the republic.***

Expansion of Russian banking capital to the Central Asian republics of the former USSR is becoming widespread literally before our eyes. Within the past 10 days, "Rossiyskiy Kredit," Alfa-Bank, and now Avtobank have announced registration of their branch banks in Turkmenistan, Kazakhstan, and Kyrgyzstan, respectively. In addition, more than 20 Russian banks are now studying the possibility of opening their branch structures (banks, branches, offices) in these republics.

Unlike its colleagues, Avtobank purchased a local commercial bank that was operating (Alfa-Bank and "Rossiyskiy Kredit" registered new banks with 100-percent Russian capital participation). The choice fell to the "Akniyet" Bank, a medium-sized bank with assets today of 24 million soms (about 11 billion rubles). The "Akniyet" Bank ended last year with losses (the amount is not being disclosed), which probably was one of the reasons for the bank's reorganization.

According to unofficial information, the primary reason for Avtobank's interest in penetrating Kyrgyzstan's financial market was the requirement of its clients—enterprises in the gold mining and processing industry—for interaction with specialized Kyrgyz enterprises which, in conformity with local laws, have been able to physically export the output produced (unlike Russia). Aside from the gold mining sector, the interest of Avtobank's Russian clients extends to enterprises producing consumer goods as well as to machinebuilding and the copper and silver mining sectors.

The "Akniyet" Bank is to provide comprehensive banking service for its clients' requirements, primarily in conversion operations. For this reason, it is no coincidence that the matter of establishing a full-fledged currency exchange in Kyrgyzstan with Avtobank's active participation is under consideration. Let us point out that currency auctions are conducted only three times weekly by the National Bank of Kyrgyzstan.

In the words of Nataliya Rayevskaya, Avtobank's entry into the Kyrgyz financial market is promoting an influx of foreign investments. At the same time, the bank does not intend to intensify competition among the republic's commercial banks. The same view is held by Mrs. Kudabayeva, chairman of the board of the "Akniyet" Bank; she declared that with Avtobank's help, the local banking system will receive "substantial impetus to develop and introduce new banking technologies," including the "Bank-Client" electronic system, the VISA and Union credit cards, and settlements using the S.W.I.F.T system and Reuter Dealing.

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Political Issues

GAI Role in Budennovsk Tragedy Examined

954F2937A Moscow MOSCOW NEWS in English 7-13 Jul 95 No 26, p 13

[Article by Leonid Nikitinsky: "Budyonnovsk: The GAI Version"; first paragraph is introductory paragraph]

[FBIS Transcribed Text] The first response to the bloody events in Budyonnovsk came in the shape of accusations levelled at the State Traffic Inspectorate (abbreviated in Russian as GAI).

The Prosecutor's Office is carrying out an investigation, and it alone will give the final answers to all questions, including those linked to omissions in GAI's actions. On the other hand, the Main Department of the State Traffic Inspectorate of the Ministry of Internal Affairs (MVD) has already carried out its own check for the purpose primarily of preventing a repetition of such events. Vladimir Timoshin, first deputy chief of this department, and Dmitry Chuchuyev, section chief who went to the site of the incident, replied to questions posed by our correspondent.

How were the three KAMaz trucks, on which the bulk of the terrorists evidently penetrated Budyonnovsk, able to drive in broad daylight for nearly 150 kilometers over the roads of the Stavropol Territory?

So far we have been unable pinpoint where this column crossed the boundary of the Stavropol Territory [sentence as published]. Basayev's column probably got in from Daghestan. It was first noticed at the militia's checkpoint in the Zaterechny settlement on the Georgiyevsk-Kaspiisk motor road. A joint watch was maintained by the personnel of GAI and a special militia unit (OMON). The column of three KAMaz trucks and a Zhiguli car drove with their headlights on between 9 and 9:30 in the morning. This time span evidently was chosen not by chance: it is at this time that the watch at the post was relieved every day, and the terrorists were able to take advantage of the fact that the personnel's attention was distracted. Although those who followed in the column presented no documents, the personnel of the post were satisfied with the oral explanation of the "militiamen" who accompanied it, saying that they were transporting Cargo No. 200, the bodies of fallen Russian soldiers, to Rostov.

What were the gunmen's motor vehicles like?

At present the motor vehicles, which the terrorists used to arrive in Budyonnovsk, are being inspected. Since they have no registration number plates, their origin has to be ascertained by the numbers on their engines and chassis, which is feasible but not always simple. For the time being it has been found out that the white Zhiguli car of the 6th model with a primitively painted blue belt and a siren light, which made them look like a GAI car, was previously stolen in one of Russia's inner regions.

Is it possible that such a rude masquerade attracted no attention?

The men in the Zhiguli car wore the militia's official uniforms, looked like Slavs and spoke without any accent. This may be considered to be ascertained by the evidence of all of surviving staff members whom they contacted. This does not absolve the personnel of the militia's checkpoint in Zaterechny, who displayed negligence, from responsibility, but the effect of the uniform worked. As far as the column is concerned, not even it looked somewhat unusual. Over there many such cars drive this way: without number plates, beaten up, crushed — in general, to understand this, there is a need to go and take a look at the situation. In contrast to the capital, front-line districts are poorly equipped with authentic militia motor vehicles, which is why a primitively painted car with a self-made siren light is not unusual.

How many GAI posts did the column pass by on its way from Zaterechny to Budyonnovsk?

It is aggravating to speak about this, but according to the information available today, for various reasons there happened to be not a single post on this leg. They did not manage to build stationary posts, and mobile ones have no water, no electricity and, incidentally, no means of protection. The crews which should have been on duty that day at different points on the route were at training exercises, which are carried out weekly on Wednesdays — something which the terrorists evidently also knew about.

Shamil Basayev said that the group's objective was to make its way to Moscow and that this plan failed solely due to the greed of GAI people: three thousand dollars in bribes took him only as far as Budyonnovsk. Legends are being circulated about the graft of front-line inspectors who rob every passing car but let KAMaz trucks with gunmen pass by.

As far as extortions are concerned, you must cite concrete facts, then we shall investigate. "Legends" are not something to talk about, although we too are well aware that our ranks are littered with bribe-takers. However, besides Basayev's unsubstantiated statements there are no data testifying to GAI's personnel having been bribed at the moment of the column's passage. You will agree that, given the method of camouflage which the terrorists had chosen, the handing out of bribes at the

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posts is unlikely: where did you see militiamen giving bribes to other militiamen? Such an attempt would immediately have exposed the entire masquerade.

Thus, the column of terrorists, despite the demand to halt, entered Budyonnovsk. What were GAI's subsequent actions?

Before entry into the city there is a stationary GAI post where three staff members were on duty. They can only leave their post in the event of emergency circumstances, of which there was as yet no evidence. However, information regarding the column was immediately transmitted over the radio to the unit on duty. At that time four mobile posts were keeping watch in the city, including the motor vehicle of the platoon leader. An instruction to hold back the column was transmitted to the crew of two members which was the closet on the route. This detail began pursuit and, having left behind the KAMaz trucks, overtook the Zhiguli car on Kochubei Street shortly after the turn toward the Budyonnovsk Municipal Hospital. A tussle started, while moving, between the real and sham militiamen through the open windows of both cars. Those who drove in the Zhiguli continued to claim that the column was carrying Cargo No. 200 to Rostov and could not stop without an order from the senior commander who was in one of the KAMaz trucks without a radio. However, at that moment, as it became clear later, the column of terrorists continued to move already on two, not three trucks: distracted by the conversation, our men failed to notice how the last truck turned toward the hospital.

This crew reported additional information to the district department of internal affairs, from where an order to halt the column was transmitted over the radio to the post at the exit from Budyonnovsk roughly four kilometers beyond the city's boundary on the Pyatigorsk-Mineralniye Vody Highway. Here a watch was kept in a Moskvich car by Sergeant Gennady Gerasimenko and probationer Stanislav Chepurkin. It is they that were at last able to bring the column to a halt. Also at that time the post was approached in a Zhiguli car by Senior Lieutenant Yuri Popov, the platoon leader who knew about the goings-on from radio exchanges.

Inasmuch as all the above-mentioned staffers died, we know about the content of their talks with the sham militiamen solely from what was transmitted over the radio to the district militia station. Popov reported that, as before, the men in the column presented no documents and refused to present the cargo for examination, yet they were ready to head for the district station to discuss the matter with the higher-ups. Today we will hardly learn who was the first to suggest going to the district department of internal affairs —the GAI men or the terrorists. Popov in the Zhiguli headed the column on the way back to the city. Gerasimenko and Chepurkin brought up its rear in the Moskvich.

The last information received on the air was the report that the rear KAMaz was braking and stopping. Both GAI motor vehicles were fired on by the gunmen who simultaneously jumped out from the tents of the two KAMaz trucks. In all probability, prior to this they maintained communication between themselves in the trucks over the radio. You know what happened later. On that day another five GAI men were killed in Budyonnovsk besides Popov, Gerasimenko and Chepurkin, and two were severely wounded.

Had the column not been stopped by the GAI people in Budyonnovsk, other inhabited localities could have fallen victim to terrorist acts on the route all the way to Pyatigorsk or the airport in Mineralniye Vody.

***Criminal Proceedings Against 'Kukly' Criticized**

954F2904A Moscow MOSKOVSKAYA PRAVDA in Russian 20 Jul 95 p 1

[Article by Vycheslav Sukhnev: "Parallels: We All Have a Little 'Puppet' in Us"]

[FBIS Translated Text] The Chaykovskiy conference room at the Radisson-Slavyanskaya Hotel was filled to capacity with correspondents for Russian newspapers and news agencies and their colleagues from America, Europe, Australia, and other faraway places, as well as from the other ex-Soviet republics.

The general director of Independent Television, Igor Malashenko, and the scriptwriter of the television show "Puppets," Viktor Shenderovich, took their places at a long table. Already seated there were four monsters very similar to certain people who often appear on television. The puppets were dressed in dark "apparatus" jackets and ties, and their rubber features reflected the seriousness of the occasion.

Opening the press conference, Igor Malashenko recounted the following incident.

On 13 July, the board of directors received a letter from the Russian Federation General Procuracy notifying it that the procuracy was investigating the circumstances surrounding the airing of an interview with Shamil Basayev. On 14 July, the General Procuracy informed the board in a second letter that it was investigating the "Puppets" program aired on Independent Television on 8 July. "In view of the special and exceptional social significance of instances of publicly insulting senior state officials, the Russian Federation General Procuracy has opened a criminal case involving the elements of the

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crime specified in Article 131, Part II of the RF Criminal Code."

I. Malashenko and V. Shenderovich went on to answer numerous questions. I would like to dwell on two of them. Who stands to gain from magnifying the "insult affair"? In I. Malashenko's view, the answer is those who would like to neutralize the Independent Television company at the very outset of the election campaign. Millions of TV viewers have high regard for the objectivity shown by Independent Television and the independence of its correspondents' opinions. For example, they obtained the fullest coverage of the war in Chechnya from Independent Television's broadcasts. Does the television company think it insulted senior officials in the show "Puppets"? V. Shenderovich gave the following answer: Satire is never pleasing to the object of the satire. There are other genres that can be used to express love and devotion to "senior officials"—such as odes, anthems, madrigals, and so on. But "Puppets" deals with political satire.

For those who did not see the July 8 program, I would like to tell them that the senior officials were presented to television viewers in the form of puppets representing ordinary Russian citizens. For example, a puppet resembling the prime minister was selling Russian-made gas ranges at the market. A puppet resembling the president was begging in the subway in the guise of a refugee woman. Another puppet greatly resembling a former deputy prime minister and current leader of Russia's Choice was playing the violin in an underground crossing and earning a living in that fashion. Puppets imitating the bright images of our force-wielding ministers were singing heartfelt folk songs such as "Oh, Why Was I Put on This Earth?" to the accompaniment of a harmonica.

Summing up the situation as a whole, I. Malashenko paraphrased a poet's well-known lines: "All this would be sad were it not so ridiculous." And V. Shenderovich added that the comedic nature of the situation could readily serve as the basis for a new episode of "Puppets." Indeed, such a script already exists, and only the fact that some of the group's members had begun taking their vacations had prevented him from producing it.

Unfortunately, I cannot share the optimism of I. Malashenko and V. Shenderovich as regards a favorable denouement of the General Procuracy's "initiative." It can be said with equal certainty that the procuracy has blown a soap bubble and that it will finish the job, meting out up to two years forced labor to those guilty of the "insult."

The view was expressed at the press conference that the General Procuracy, in reacting inappropriately to the Independent Television program, is engaging in pure free-lancing and thereby doing a disservice to the "senior officials." I fully agree that such a possibility could exist. But it is not the case. Let's take a look at our watches. Early in the week the president was lying in the hospital. Late in the week he signed a decree setting the date of the elections to the State Duma. And between those two events are the two letters from the General Procuracy to Independent Television. A coincidence? Free-lancing? The general procurator, motivated by great zeal and an enormous sense of duty, could launch a campaign against the press on his own initiative. But the acting general procurator would think twice and "consult" three times before setting things in motion. Mr. Ilyushenko is most likely carrying out a social mandate. There is just one hope: that he discharges that mandate with the same zeal with which he seeks out the killers of journalists.

The puppets evoke laughter every time they start to speak. The prime minister laments that he wanted things to go well this time, but they turned out the way they always do. What Zhvanetskiy could think up such a line? The president is moved by the remarkable care he gets at the Central Clinical Hospital. He asks in bewilderment: Why is that our people are so eager to take medical treatment abroad? For our country's medical system is excellent! The answer, Boris Nikolayevich, is that none of them is the president of Russia. If they have the money, they get medical treatment abroad. If they don't, they submissively kick the bucket on their native soil. There's not enough of that good medical system to go around! This is graphically demonstrated by the field surgeons in Chechnya who cut up our soldiers by candlelight on kitchen tables. And with all but kitchen knives.

These subjects—a president satisfied with our medical care and a surgeon operating by candlelight—could be seen by any viewer watching Independent Television.

But let us return to the general procurator's intentions. I don't understand how he found the "Puppets" show to be insulting. Why, when the "senior officials" have been portrayed in V. Shenderovich's scripts as alchemists, cannibals, and even wrecker-doctors, did the procuracy see no insult, but as soon as our VIPs appeared in the tattered clothes of a Russian commoner, it did see insult. Can it be that the image of the post-Soviet pensioner is worse than that of a savage?

So a poor conservatory student can play the violin in a crossing, but a puppet resembling the leader of Russia's Choice cannot. A refugee woman from Chechnya can beg in the subway, but for a puppet resembling the president this is insulting. An officer owed three months

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of back pay and collecting bottles does not insult public taste, while a puppet of the defense minister with a bottle is insulting.

In my opinion, the procuracy is itself violating civil rights. The rights of our Russian puppets. The procuracy is restricting their rights to lead their own lives, to freedom of thought and freedom of occupation.

Seriously, it is a pity that nobody asked the executives of Independent Television why the General Procuracy had launched an investigation of the circumstances of the airing of the interview with Basayev. Logically, the General Procuracy should also investigate the circumstances of the telephone negotiations between the prime minister and the aforementioned terrorist leader. Why can the prime minister speak with a gangster, but an Independent Television correspondent may not? Where is the logic?

The air is thick with the smells of a new bonfire. Various associative parallels fan that nauseating stench. First there was the All-Union Communist Party (Bolsheviks) Central Committee resolution "On a Reorganization of Literary and Artistic Organizations" in April 1932, then the disbanding of all literary and artistic groups. First there was the resolution of that same Central Committee "On the Journals ZVEZDA and LENINGRAD" in August 1946, then a reverse wave of arrests of the intelligentsia that had thus far escaped the camps. First Khrushchev threatened cultural figures in a speech, then the bulldozers tore down an independent art exhibit. In other words, first there was the word, then the action.

Instead of the party general secretary, we now have a president. It seems that the acting general procurator is serving as the acting Central Committee secretary for ideology. True, he drafts his resolutions in accordance with the specific dictates of his agency. Maybe it would be better, given that we have no Reichstag, to set fire to the Puppets Theater. And to douse Malashenko and Shenderovich on that fire with a jerry can for two.

They think they are here for all time. They think they can never make a mistake. They are convinced that only our stupid and obstinate people prevent them from carrying out their grandiose plans. People with such high opinions of themselves have no sense of humor whatsoever. And one must not laugh at them. The procuracy is right on this point. In laughing, mankind parts with its past. They do not want to become part of the past. And herein lies the tragic nature of our reality. Or tragicomedy.

The authority of power rests on good works that improve the lives of our fellow citizens. The power of authority rests on the fist and the muzzle. We have already been through the fist phase. Now the muzzle phase has begun. And the elections threaten to become so honest and so noble that it will be impossible to recount them in fairy tales or describe them in verse.

Independent Television is the whetting stone of our election-campaign democracy.

Amen.

***'Russia Is Our Home' Blasted; Communists Cited as Better Alternative**

954F2887A Moscow SOVETSKAYA ROSSIYA in Russian 22 Jul 95 p 2

[Article by B. Pryanikov: "Just What Am I Supposed To Endorse?"]

[FBIS Translated Text] Kurgan—Parties and blocs such as Russia Is Our Home, Popular Sovereignty [Narodovlastiye], etc. are being established. In the absence of glasnost (although our "democrats" assure us to the contrary), it is hard for the ordinary person to figure out for whom to vote in the upcoming parliamentary elections or if there is any point in voting at all. I shall set forth my point of view as an ordinary voter. It doesn't matter to me what sort of blocs and parties are formed and what they are called. What is important are their programs and of course, their established performance in governing the country. That applies to the "party of power," Russia Is Our Home.

—Now 450 trillion rubles' worth of the public's savings (including mine) have been wiped out. The authorities are incapable of paying out this sum even over several years (this indicates that we were not doing so badly under the Soviet regime).

—The USSR—a powerful state whose economy was second in the world—has been destroyed, and now Russia is somewhere on the level of Italy in terms of its economic potential.

—Widespread unemployment has appeared; according to official statistics, there are already more than 2 million people out of work in Russia. In fact, according to experts' estimates, there are 10 million(!).

—The payment of wages is being delayed for up to a half year(!) and longer (one would like to know what country can rival us in this respect).

—It is virtually impossible to get a rent-free apartment or decent free medical care, and education in technical and higher schools is, for all intents and purposes, ceasing to be free.

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—Speculation in land has been instituted (in our Kurgan Oblast people are charging more than 3 million for a plot of 15 hundredths, without buildings or a garden).

—The living standard of 90 percent of the population has declined from threefold to fivefold compared with the Soviet period. More than 30 percent (according to official statistics) of the population is below the poverty line (in short, lives like paupers).

—More than 500 enterprises have totally shut down.

—Average earnings are now approximately R70 in 1985 prices, whereas they were up to R200 rubles during the Soviet period.

—The minimum wage in 1985 prices is just over seven (!) rubles, while it was R70 during the Soviet period.

—A mass slaughter of our own people has been launched (Chechnya, Budennovsk, the shelling of the White House, and beating up people at rallies).

One could cite another 20 or 30 facts characterizing the "accomplishments" of Russia Is Our Home. Clearly I will not vote for representatives of Russia Is Our Home (I'm not my own enemy!). Nothing like what I have enumerated above existed under the Soviet regime. That sort of thing is possible only under capitalism. The authorities do not even hide the fact that the country has been turned back to capitalism and that all efforts have been aimed at abolishing the Soviet regime. With our votes in the 1993 elections (albeit the votes of less than one-third of the population), we, knowingly or not, helped adopt a capitalist Constitution that gives unlimited powers to the head of state.

Since under the Soviet regime there was full employment and decent wages, given Soviet prices (and most importantly, wages were paid on time); since it was possible, albeit difficult, to get a rent-free apartment; and since education and medical care were free, I will vote for the party and its representatives that will return us to the Soviet regime!

We are told that would lead to civil war since no one will give back what they have stolen for nothing, but if the people really take power into their own hands, they will not permit a civil war. It is said that there is no alternative to the present regime; not a single party has a clear-cut program for getting out of the crisis except Russia Is Our Home. Spare us, gentlemen in power. You have been governing the country for five years now (I'm counting from 1990, although one could count from 1985), so what has kept you from providing the majority of the population with a decent life? Who is to blame for the fact that we have "achieved" everything I have enumerated above? So now I believe no promises made by the "party of power." Yet an alternative program for getting out of the crisis does exist; it is the program of the Communist Party of the Russian Federation. In order not just to be making an unsupported claim, I shall give a few excerpts from that program:

—The minimum program provides for using every legal means to achieve the maximum possible representation of the working people on bodies of authority and government at various levels, the protection of the rights of labor collectives, the prohibition of private ownership and buying and selling of the land and natural resources, the implementation of the principle that "the land belongs to the people and to those who work it," the adoption of a law on employment and on combating unemployment, and the provision of a real living wage for the population.

—After coming to power in a bloc with progressive forces, the party pledges: to form a government of popular trust accountable to the country's supreme representative bodies of authority; to restore the soviets and other forms of popular sovereignty; to restore people's control over production and incomes; to return to the citizens of Russia the guaranteed social and economic rights to work, leisure, housing, free education, medical care, and social security; and to follow an independent foreign policy that is in keeping with national and state interests.

—As the party of the working people, the CPRF will work to achieve: the stabilization and lowering of prices for all the basic types of products, especially food and industrial goods of prime necessity; the restoration of public or collective ownership; the implementation of state and regional employment programs; the determination of a set of measures for eliminating unemployment; and the restoration of the country's scientific potential and creation of favorable conditions for scientists' creative work.

—The banner of the CPRF [Communist Party of the Russian Federation] is the red banner; the CPRF's anthem is the "Internationale" (I would have chosen the former USSR national anthem); the CPRF's symbol is the symbol of the union of the working people of city, village, science, and culture—the hammer, sickle, and book; and the CPRF's motto is: "Russia, labor, popular sovereignty, socialism" (I give it my full support!).

I have more grounds to believe the communists than Russia Is Our Home, since under their rule the country was always provided with that which the CPRF presently proclaims.

So, in the elections I will vote for the CPRF and its representatives, since I am completely satisfied with

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their program. In conclusion I want to note that whether we climb out of the mire or not depends on us voters, but in order for it to happen everyone who can go to the polls must express his attitude toward what is happening in Russia and give his vote for honest people who know what they are doing, who back Russia with all their hearts, and who desire the prosperity of all of Russia's people.

***Duma Speaker Rybkin Interviewed**

954F2846A Moscow ROSSIYA in Russian 5-11 Jul 95 No 20, p 1,3

[Interview with I. Rybkin, by V. Smirnov: "Ivan Rybkin: 'The Duma Is Complex, but Good'"]

[FBIS Translated Text] *Out of the more than a hundred legislative bills that were submitted by the president of the Russian Federation during the past year and a half for review by the State Duma, only four have been rejected.*

The conflict between the government and the lower house of parliament has been exhausted. All things considered, the Duma will have to work through the entire period that has been allotted by the Constitution. Nevertheless our correspondent, Vladimir Smirnov, had a conversation with Ivan Rybkin, speaker of the lower house concerning the most acute questions of that house's vital activity. Here, then, are the preliminary results.

[Smirnov] Ivan Petrovich, how do you evaluate the result of the conflict between the parliament and the government?

[Rybkin] I would not dramatize what has happened. All sides used their constitutional powers. No one crossed any boundary. As a result it proved to be possible to find a compromise decision. I think that the government, the president, and the parliament gave their successors an example of how, within the confines of the Constitution, it is possible to strive for consent, rather than bringing the conflict to a confrontation.

[Smirnov] Don't you think that the rights of the representative authority in the new Constitution have been considerably curtailed, as compared with the previous one? Do you think that this is normal?

[Rybkin] In the State Duma there is no meekness with regard to that question. In the new Constitution the rights of the representative authority, as compared with the previous one, are insufficient even according to Central European concepts. Therefore, in the Committee on Legislation and Court and Legal Reform, there is a data bank dealing with amendments to the Constitution that are coming in from subjects of the Russian Federation, from legislative assemblies, from members of the Federation Council, and from Duma deputies.

We made an inquiry to the Constitutional Court, asking what mechanism for enacting amendments it is necessary for us to use, since that mechanism is discussed in insufficient detail in the Constitution. As soon as the KS [Constitutional Court] gives us the interpretation of that part of the Basic Law, the amendments will be made. There are sections where amendments are impossible. That must be decided by the Constitutional Assembly.

But for the sake of justice I must say that partially the rights of the legislative authority, insofar as the monitoring of them is concerned, have not been completely implemented. We did not succeed in forming the institution of an Ombudsman for human rights, which institution is very important for Russia, and which Ombudsman would engage in monitoring the observance of human rights and freedoms not only on the federal and capital-city levels, but also on the levels of the regions, villages, and cities. That is the agency to which people could go with their concerns and insults that they have incurred from the powers that be.

[Smirnov] The soviets as a form of sovereignty of the people were disbanded two years ago. What do you consider to be the chief tasks of parliamentarianism in Russia at this stage?

[Rybkin] I am opposed to every kind of annihilation in principle. What is always most optimal is the transition from one quality to another, but without annihilation. Otherwise something that is essential is cut off and rapidly lost...

I see the chief task of parliamentarianism in Russia in the precise execution, strictly in accordance with the Constitution, of the basic functions by the State Duma. This is the representative function, when we, endowed with the nation's trust, appoint to their positions the prime minister, the chairman of the Central Bank, the chairman of the accounting house and half its auditors, the ombudsman for human rights, and others. Then the legislative function, inasmuch as we are the only lawmaking institution in the country. Everyone is required to exercise his right of legislative initiative only through the State Duma. Finally, the monitoring function. Monitoring must be strict but just, and must extend to the exercising of the budget and the observance of the basic human rights and freedoms. Today an ordinary citizen sometimes has simply nowhere to go to complain about the person who has offended him...

[Smirnov] How are the interrelationships between the State Duma and the representative agencies in the outlying areas developing?

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[Rybkin] Very fruitfully. When we conduct parliamentary hearings dealing with key areas of our activities, we invite the heads of the representative and legislative authorities from the outlying areas. We consult on a number of problems: the principles of national and regional policy, the structure of local self-government and state authority in the subjects of the Russian Federation...

The heads of the representative authority have the right of free entry into the State Duma at any time of day or night, or to the chairman of the house. The State Duma assumes some of the material expenditures for representatives from the remote regions while they are staying in Moscow. We provide them with transportation and with a hotel. We create all their working conditions.

But the most important thing is that we work out our common position with regard to those powers which, according to the Constitution, have been transferred to the Federal center, those that presuppose our joint jurisdiction — that of the subject of the Federation and the Federal Assembly, and those which have been transferred, properly speaking, to the competency of the authority in the outlying areas. We ask for advice and we receive that advice in the form of the decisions from parliamentary hearings.

The Dumas of Moscow and Moscow Oblast, as well as Voronezh, Ivanovo, Sakhalin, Leningrad, and Yaroslavl oblasts and others, come forth actively with legislative initiatives dealing with the broadest circle of questions. We always support them. Essentially speaking, if not at every session of the house, then, as a rule, every two sessions the agenda contains a question with the participation of representatives of a legislative assembly of a region or subject of the Federation. They make statements and attempt to prove their point of view,, presenting their legislative drafts, which is something that is especially important.

[Smirnov] How have relations between the president and the State Duma developed?

[Rybkin] Until recently, they were working relations and rather respectful ones. I can illustrate that by the following example: out of more than a hundred legislative bills that were submitted by the president of the Russian Federation during the past year and a half for review by the State Duma, only four have been rejected. In all the remaining instances the deputies supported the president.

Of course, there have been complicated moments — in instances when the president uses his constitutional right of veto to reject a legislative bill. Collisions arise. For the most part they are resolved in the Conciliation Commission that was created by the president and the State Duma. There have been situations when the Duma does not agree with the president and overrides his veto. That is what happened with the indexing of the minimum amounts of the pension and earnings. When the deputies were supported by the Federation Council, the collision was resolved rather simply: the president was forced to sign the law. But when, for example, the State Duma overrides the veto, but the Federation Council cannot do that, the situation that develops is rather complicated. An example of this is the Law on the election of deputies to the State Duma: it is necessary to create a trilateral conciliation commission. And, without stinting on the time, to remain seated day and night, to remove the contradictions, to find the only alternative that would be acceptable for all three sides of the legislative process: the State Duma, the Federation Council, and the president.

Thus, the relations that have developed between the president and the State Duma are working, proper, respectful ones. I would like to believe that they are for the good of Russia.

[Smirnov] Doesn't it seem to you that the State Duma that you head serves only as a screen to cover the government's antipopulist actions?

[Rybkin] There is no way that I can accept that accusation. The deputies to the State Duma represent the interests of the majority of the segments of the population. From our conversation it is completely clear that it is definitely not always that the Duma agrees with the president and the government. The struggle can be fierce at times, and emotions can get out of hand. After all, the questions being resolved are not simple ones. As is generally known, the State Duma did not accept the version of privatization that was proposed to the country after 1 July 1994. Nor could the house accept the corresponding law, because it decided not to support the version that had been proposed by the government, even with three amendments...

Nor did the deputies agree with many other versions of legislative drafts submitted by the government.

The State Duma has repeatedly raised the question of the government's resignation. That proposal at first did not garner the necessary number of votes. Nevertheless the report on the government's activities that was presented to the State Duma was a serious trial for Prime Minister Viktor Stepanovich Chernomyrdin, the first vice-premier, the vice-premiers, and ministers. The new vote of no confidence that was expressed by the Duma to the government is definitely not any testimony to its madcap antics, but an attempt to use the levers

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that it has available for monitoring the activities of the executive authority.

Sharp collisions of opinions occur daily during the "Governmental Hour." During the "Governmental Hour" the deputies have listened to statements made by the prime minister himself, first prime-ministers Oleg Soskovets and Anatoliy Chubays, and other vice-premiers: Aleksandr Zaveryukha and Yuriy Yarov. In the final analysis we always seek an approach to resolving a problem situation, but that approach is not always found immediately. I do not want to appear to be some kind of Pollyanna, but nevertheless I feel that, even in a very sharp discussion, a person must remain a human being. It is on that principle that we build our interrelations.

[Smirnov] Has a mechanism for regulating the interrelations among the factions in the State Duma been created?

[Rybkin] On the whole it has been prescribed in the State Duma Rules and partially in the Law on the Status of the State Duma Deputy. It is, of course, impossible to take everything into consideration in a single law, or in a single set of rules, and much is regulated on the purely human level. I can say that it is no simple matter to find a balance among the moods and interests of the factions and deputy groups, so that that balance will be converted into consent in the form of laws that are enacted in the final analysis. Three times a week there is a session of the Duma Council of which all the leaders of the factions and deputy groups and the chairman are members. The participants in the Council sessions include deputies of the State Duma chairman and all the committee chairmen, and every deputy can participate, but the leaders of the factions and the deputy groups, and the house chairman, have the right of the deciding voice.

On Monday we conduct a general discussion of the agenda at two plenary sessions — on Wednesday and Friday. If we do not find consent with regard to a particular question, we set it aside. We leave only those that have the support of all or the absolute majority of the factions, and there are sometimes hesitations.

It is no simple matter to coordinate interests: from day to day it is necessary to work in a time-responsive and persistent manner. I go home late at night, and the lights are still burning in some of the windows in the building... A small amount of time has been set aside for the fifth Duma, and therefore many deputies who are in excellent condition, of a young and mature age — 70 percent of the parliamentarians are between the age of 20 and 50 years — work basically at the expense of their health until 2400 hours, or even after midnight. The apparatuses of the State Duma, the factions, and the committees operate in exactly the same way. I must say that they work assiduously. As journalists say: complicated matters that are invisible to the world. Because the facade is the plenary session, and an entire collective of scientists, experts, and the deputies themselves work on the plenary session for several weeks, or sometimes months, or, for certain questions, sometimes even a year or a year and a half One can boldly consider the deputies to be experts in certain branches of knowledge. Every tenth deputy is a professor, doctor of sciences, or academician. Forty percent have learned degrees or titles in branches of science that are very important for law-making: jurisprudence, economics, history, sociology, and political science.

[Smirnov] Recently there has been an increase in the activity rate of many deputies, even those about whom almost nothing was heard...

[Rybkin] Those about whom, as you put it, nothing is heard are most probably an exception to the rule. The overwhelming majority of the deputies are very active. If it is not in the legislative process, then it is in political activities. I personally like it more when a deputy participates in exercising his government, law-making, and monitoring functions. True, some people want to monitor absolutely everything, but the monitoring must be strictly within the framework of the law and the Constitution.

So even those who held their tongue are becoming more active, probably because the election is approaching. Because the voters can refuse to put their trust in a "taciturn" deputy.

But I shall also say something else. Certain deputies, after working half a year in the Duma, have realized that this is hard bread. And one of the Moscow journalists was not justified when he wrote — and now repeats — that this is a very easy job: all you have to do is push buttons. It is simply that that person has not tried to do this himself. I propose to Pavel Gutiontov that he be nominated from one of the electoral districts or on one of the party lists and that he get the voters' confidence, and then come to the Duma and see what kind of work this is. I assume that he is an intelligent person. When he passes through his heart and through his mind all the pains, alarms, needs, and concerns of people, he will understand that "pushing buttons" is a very complicated matter.

As for the deputy's earnings — so that we can get away from all the conjectures and speculations — prior to 1 April, they were 444,000 rubles. Now they have been increased, like everything in the budgetary sphere, by a factor of 1.3 — to 572,000. There is additional pay for

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high proficiency level: one has in mind job longevity. Payment is made for a work day without norms, which sometimes lasts 16 hours. There are also bonuses. And that is everything: there is not even any additional pay for a learned degree or title.

[Smirnov] How long will deputies be protected against criminal responsibility by their deputy immunity — at least against the conducting of investigative actions with them with regard to those cases that are directly linked with parliamentary activity?

[Rybkin] Most of the parliamentarians in the world have deputy immunity. Although I know that certain deputies outside the confines of Russia voluntarily give up their deputy immunity in order to have an investigation conducted. In our deputy corps, at least five persons have announced that they are ready to give up the "taboo," so that an investigation can be conducted and truth can be restored. Is deputy immunity necessary? That is decided in each specific instance. I shall state only that are a lot of people who, as the expression goes, want to grab at important, eminent people not only by the hem of their jacket. Sometimes very painfully. Therefore there must be some kind of protection. But there are different degrees of protection.

Incidentally, in the law governing the deputy's status it is said: when, for example, he has been caught at the scene of a crime, the agencies of law and order have the right to detain him and to conduct investigative actions. But it also happens that a not very convincing accusation is made: for writing a book, for failing to repay a loan... Many things are regulated by civil legislation, and not necessarily by criminal legislation. We have specially publicized all the claims that have been made against every deputy. I asked both the deputies and the journalists to become acquainted with them.

***Russian Negotiator Volskiy Profiled**

954F2846B Moscow ROSSIYA in Russian
5-11 Jul 95 No 20, p 2

[Article by Aleksandr Yevlakhov, under rubric "Dramatis Personae": "Volskiy's Star Will Rise Any Moment Now"]

[FBIS Translated Text] Arkadiy Volskiy, who had found himself in the shadows, has reemerged in the center of public attention. Although Vyacheslav Mikhaylov is the official head of the Russian delegation at the negotiations in Chechnya, there is no doubt that it is precisely Volskiy who is the key figure determining the length of the path from war to peace. The fact that it is precisely he, rather than someone else, who unexpectedly met with Dzhokhar Dudayev is also very significant. What most likely awaits Mikhaylov, in the event of the successful fulfillment of the mission, is Yegor's place. But what awaits Volskiy? Unlike most of the young politicians who prefer not to conceal their ambitions, Volskiy prefers not to enlarge on this score. While a guest of the editorial office, he remarked that he is completely satisfied with the role of an "old-timer in the navy" who is teaching the new guys. However, whether this is so is a big question.

The former leader of the Civil Union obviously failed to cope with the role of "party old-timer." The alliance with A. Vladislavlev, on whom Volskiy had put his hopes, proved to be short-lived. As certain people assert, it was not so much by virtue of Vladislavlev's attraction to independence as it was because of the caution on the part of Volskiy, who was embarrassed by the "everyday acquisitiveness" of the RSPP leader, his attraction to objects of antiquity and his adventure with the transformation of ZIL into a joint-stock company. Enterprise directors also stayed for a short period of time in Volskiy's entourage. His reliance on bankers from among the "young wolf cubs" also ended in complete failure — he failed to obtain the serious amounts of money necessary to make his way to power. Andropov's former aide, unfortunately, realized too late that businessmen needed him considerably less than he needed them. They, on the contrary, realized very quickly that the Civil Union was only a myth.

Volskiy's loss at the 1993 election, of course, was influenced by the shortage of funds. But that was not the only factor. The voters were confused when they observed the posting of election posters only on the eve of 12 December. There was nothing to be surprised at, inasmuch as the Volskiy apparatus proved to be a "heavenly group" of former workers at the CPSU Central Committee and the Council of Ministers who had been accustomed to issuing orders, but who had not adapted to the posting of election propaganda.

Nevertheless, in the role of "old-timer" Volskiy was somehow unsuccessful. Today there are few who remember this, but Viktor Chernomyrdin, whose appointment was a compromise, originally lobbied precisely for Volskiy. Economics minister Yevgeniy Yasin was even closer to him. He headed the analytical center of Civil Union, which, unlike the organizing apparatus, did not have anything in common with the "heavenly group." Its intellectual nucleus, other than Yasin himself, was definitely made up of Aleksashenko, one of the strongest specialists in the field of currency, who subsequently became the deputy finance minister, and also Neshchadin, who specialized in problems of regional policy.

Unlike many public figures who do not know how to, or who do want to, learn either from other people's

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mistakes or from their own, Volskiy does possess that ability. Having been called upon to participate in the negotiations with Chechnya, he is definitely taking a risk. Nevertheless his stake — the end of the war —is psychologically (not to mention the political capital) too high. The time for action was chosen in an impeccably precise manner — immediately after Chernomyrdin's decisive actions, before the premier's final chord. We should not forget that he went to Nagornyy Karabakh in 1988 and returned from there in 1990 as definitely not the same person. The economics specialist began to turn into a politician and diplomat. Vyacheslav Mikhaylov, who heads the delegation in Chechnya, is more of a theoretician in interethnic relations. He has good analytical capabilities and a definite ability to summarize information (which is something that those who worked with him at the governmental dacha in Volynsk-II always noticed unanimously). Arkadiy Volskiy is a practical person. In addition, he certainly is a gambler. If, obviously, he is convinced that there is a chance of winning.

If the war in Chechnya is brought to an end, the public, beyond any doubt, will recognize two figures as peacemakers —Chernomyrdin and Volskiy. And one would scarcely think that a closer alliance between these personages in the future should be discounted.

***Public Surveyed on Qualities Expected of Leader**

954F2909A Moscow OBSHCHAYA GAZETA in Russian 6-12 Jul 95 No 27, p 4

[Article by Vadim Sazono, under rubric "The People's Voice": "Divorce Is No Hindrance for Presidential Candidates"]

[FBIS Translated Text] As is indicated by data from all-Russian surveys conducted by VTsIOM [All-Russian Center for the Study of Public Opinion], the unconditional leader among the qualities that the public expects of those who have entered the presidential race is intelligence. There is not a single sociodemograpahic group of any importance that does not put it in first place. Can it be because, in the public's mind, this is precisely the quality that our previous rulers lacked? However that may be, the greatest importance is also given to intelligence by university students and persons with higher education, entrepreneurs, and the most well-to-do respondents. The persons who insist on this quality less frequently than the other respondents are elderly people and persons with a low material level, or, putting it more simply, poor people.

The respondents gave second place to concern for people, although it is true that this response is not as unanimous as in the first instance. Certain groups put another quality in second place —honesty. That was the response given by entrepreneurs, managers, intellectuals, workers in the nonstate sector, and the richest respondents. On the contrary, the persons who consider concern for people to be more important are those who need protection themselves — women, old men, and those who are not well-to-do. As a result, honesty and concern for people seem to exchange places, reflecting the problems of individual social groups.

They are followed closely by business acumen, which is especially important in the eyes of young people and entrepreneurs. Unlike those respondents, people of older age mentioned this quality less than half as frequently.

This group of four qualities — intelligence, concern for people, honesty, and business acumen (for which, respectively, 80, 55, 51, and 34 percent of Russians cast their vote) — constitutes the core of the image of the country's ideal leader or a contender for that position. Other qualities only refine that image without changing its essence. Not a single one of those qualities garnered more than 13 percent of the votes.

It would be curious to learn who of the present leaders meets the criteria that were revealed. Today the leaders frequently act on people as an irritant, splitting society into parts that are hostile to one another. On the other hand, the ideal leader peacefully combines two groups of qualities that represent obvious opposites — the masculine and the feminine attributes. The masculine attributes are intelligence and business acumen, which guarantee the individual's self-movement. The feminine element encompasses concern for people and honesty, which bring good to others.

One does not sense any obvious predominance of one attribute over the other. And this is important, since it shows that public opinion bestows upon its highest leadership an integrating function that guarantees unity in variety.

Among the circumstances hindering a person's election to a position, the respondents pointed first of all to bribe-taking. Corruption as sufficient basis for blackballing a candidate was mentioned by 64 percent of the respondents. Thirty-five percent would not vote for a candidate who has insufficient education. Thirty-one percent mentioned in this regard the candidate's active participation in the affairs of commercial structures. Another obstacle is the person's inclusion in one of the nationalities upon which, in the respondents' words, one cannot rely (the share of chauvinists like this among the survey participants was 15 percent); or the fact that the candidate belongs to the female half of humanity (six percent).

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Every tenth respondent would refuse to support a candidate if the respondent learned that the candidate had had or now has an extramarital affair. Three percent would not forgive him if he had a divorce; and two percent each would not forgive him of being an atheist or, conversely, believing in God.

The group of respondents who especially do not like the lack of proper education are the young people. However, they are bothered little by the candidate's cooperation with commercial structures. Women censure extramarital love no less frequently than men do. Elderly people reject this sin three times more actively than young people. Women would not want to see a woman as president almost as frequently as men do not want to see that.

Judging from our data, the politician's outward appearance, in and of itself, is not as important as one would generally think. However, one would scarcely think that the voters are capable of determining for themselves the extent to which a particular candidate is actually energetic, unselfish, and honest. Therefore they will still devote their main attention to how the contender looks. And the candidate, knowing specifically what is expected of him, must be especially careful about his outward appearance, clothing, his manner of speaking, and his facial expression — all these are means of communicating with the electorate. The person who has the best chance of being elected is the one who, by using these means, is the first contender to convince the voters that he is an intelligent and honest person who takes people's concerns close to his heart and who, at the same time, is not devoid of business acumen.

Regional Affairs

Elements in Chechnya Elections Assessed

954F2935A Moscow MOSCOW NEWS in English 7-13 Jul 95 No 26, p 3

[Article by Dmitry Balburov: "Chechen Elections: the Tajik Variant"; first two paragraphs are introductory paragraphs]

[FBIS Transcribed Text] The free election of a new parliament is one of the main issues at the peace settlement talks in Grozny.

At best the elections will take place not earlier than November. But Chechnya is already beginning to prepare for them.

Parties and Movements

Civilized politics does not exist in Chechnya. The parties and movements are small in number and practically unknown to the electorate. Dudayev's General National Congress of the Chechen People (GNCCP) effectively dissolved itself two years ago. The movements opposed to it such as Daimokhk (led by Lecha Umkhayev) and Marsho (led by Abdula Bugayev) are better known in Moscow than in Chechnya.

This year Lecha Magomadov, former Second Secretary of the Central Committee of the Communist Party of the Checheno-Ingush Autonomous Soviet Socialist Republic (CIASSR), made an attempt to set up a Republican Party of Chechnya, but has had little success. Perhaps public organizations in Moscow, such as Doku Zavgayev's Assembly of the Chechens of Russia and Zhabrail Gakayev's Chechen Cultural Center, will create subsidiaries in the republic which will with time be transformed into political parties, but the likelihood of this is rather small.

Leaders

In the present situation electoral success can be achieved solely by those who command prestige and are capable of creating mass movements and parties "in their own image." Their roster will certainly not include the leaders of the utterly discredited Provisional Council — Umar Avturkhanov, Beslan Gantemirov, Lecha Saligov and Ruslan Madiyev — nor will they accept Yaragi Mamodayev, head of the "government of people's trust." Should they venture to run in the elections, Yusup Soslambekov, a former active member of the GNCCP and the Confederation of the Peoples of the Caucasus, and Dudayev's retired colleagues Gersolt Elmurzayev and Bek Mezhidov all stand a tolerable chance at winning.

Ruslan Khasbulatov is also unlikely to score success in the elections. The ex-speaker of the Russian parliament has nearly lost his erstwhile charisma among the Chechens. In the most trying time for the republic — November and December last — Khasbulatov adopted a pro-Russian position and spoke of the Dudayev regime's crimes, and then retired altogether. Khasbulatov may only be supported by the members of his clan in the Tolstoi-Yurt village and the Nadterechny District, yet Khasbulatov's clan, though one of the oldest in Chechnya, is not too numerous.

Salambek Khadzhiyev, the incumbent head of the national renaissance government, has become a person whom most Chechens can wreak their anger and vexation on. His consent to head the puppet government was unexpected in many respects — by so doing Khadzhiyev doomed himself to oblivion. It is clear that his clansmen alone will vote for him.

Doku Zavgayev, the former party leader of Checheno-Ingushetia, a person who is the most acceptable for the Kremlin, is gradually becoming Candidate Number One

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to the role of national leader. He cannot be reproached with anything — neither with the oil machinations and corruption of Dudayev's times, nor with the unleashing of the civil war or with the massacres staged by Russian troops. The idea of restoring Zavgayev's Supreme Soviet, which was first given currency in January, was sounded again at the recent talks in Grozny. It was voiced by Sanaki Arbiyev, Zavgayev's closet associate.

In the view of Abdurashid Dudayev, president of the Association for the International Liaisons of the Muslims of the CIS, the return of the CIASSR Supreme Soviet is impossible for a number of reasons, the main of them being the fact that Chechnya and Ingushetia have fallen apart. Doku Zavgayev has told the *MN* correspondent: "I am a Chechen, and I will not keep aloof no matter what cakes they may seduce me with in Moscow."

It isn't likely that the experienced Zavgayev (now an adviser in the Yeltsin administration) will take any rash steps, but he is sure to act. Numerous delegations from Chechnya have invited him to return, but Zavgayev has not yet disclosed his plans. From the interview he gave to *MN*, it is clear that he will not return to his native land as long as the war continues, although he maintains that elections must be held as soon as possible.

Zavgayev's participation in the likely elections is more predictable than the role of another authoritative Chechen — Aslan Maskhadov, the leader of the armed resistance. The half-year war with the Russian army has brought him wide popularity and respect not only among the people, but even among the supporters of Dudayev's rabid foes — Gantemirov and Avturkhanov. Nominally the chief of staff, Maskhadov has in fact become the commander, organizer and inspirer of Chechen armed formations. Way back in the 1980s when he served as a regimental commander in the group of Soviet forces stationed in Hungary, Maskhadov enjoyed a reputation of one of the most competent and skillful officers. Testifying in his favor is also the fact that he comes from a country clan whereas the bulk of people's volunteers is made up of those coming from urban clans. In this way Maskhadov will be assured of the votes not only of his comrades-in-arms in the struggle against Russia, but also those of his countrymen and relatives, for instance, from the Nadterechny District.

The Russian authorities will hardly permit Dudayev to run in the elections —something which the president and the prime minister have spoken about on more than one occasion. But if this happens the Maskhadov-Dudayev bloc may become the favorite of the election campaign even if elections are held at the point of Russian soldiers' submachine guns. Apart from the fact that Dzhokhar Dudayev, next to Aslan Maskhadov, has now turned into a likeness of the British Queen, he has remained the symbol of the Chechen nation, a person who has become the talk of the day.

As far as Dudayev's closest entourage — Zelimkhan Yandarbiyev, Sultan Geliskhanov and Eduard Khachukayev — is concerned, these are largely ephemeral figures in politics and therefore cannot count on success.

Clans

There is also a reverse side to reliance on clan structures. The leaders of clans can bring the war to a halt and achieve national reconciliation, but this is fraught with the danger of another confrontation. Relations between the Vainakh clans have never been cloudless, regulated as they are by an intricate system of restraints and counterbalances, including the institution of vendetta. Dzhokhar Dudayev was the first to drive a wedge between the clans by publicly calling one of them a "clan of slaves and cowards." The war against Russia has deepened this rift.

Standing apart in Chechnya are two giant clans — Benoi and Gendergnoi —each of which with a membership of about a hundred thousand, and also several smaller clans — Gunol, Cheberloi, Varandol. Nor is it possible not to reckon with the Myalkhi clan which includes both Chechens and Ingushes. The aforesaid clans may simply suppress their rivals in the vote count, whereas their leaders will become "ministers without portfolio," which will hardly be to the liking of representatives from the other clans.

What Do We Have?

Chechnya has been split into two parts — the warring and the "pacified." There are practically no families untouched by the war.

If the elections take place nevertheless, they will be held according to the Tajik scenario — rigged, with minimum participation by international observers and at the point of Russian arms. Most likely the "pacified" valley alone will go to the polls, whereas the warring mountains will reply with a refusal.

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***Problems in Passing Law on Local Self-Government Discussed**

***Conciliation Committee Can Resolve Problems**

954E1197A Moscow ROSSIYSKIYE VESTI in Russian 21 Jul 95 p 2

[Article by Tatyana Sukhomlinova, under rubric "Power in the Outlying Areas": "Now Govern Yourselves..."]

[FBIS Translated Text] **The documents that the State Duma is expected to review on the eve of the parliamentary recess include the long-suffering draft of the law on the organization and principles of local self-government. It was launched into law-making orbit as long ago as 15 March, and its circle ended on 3 July, when the Federation Council rejected the law that had been adopted by the State Duma.**

The Duma Committee on Questions of Local Self-Government was faced with a dilemma: to propose to the deputies that they override the decision of the upper house by collecting two-thirds of votes as "aye," or to adopt the proposal of the senator colleagues and do some more work during the remaining days in the bicameral conciliation commission. For various reasons the second alternative proved to be preferable.

In general, it was clear from the start that a difficult parliamentary fate had been prepared for that legislative draft. But even the members of the Duma committee were flabbergasted by the avalanche of mutually exclusive amendments to the document: after the first reading, more than one thousand were received.

In the corresponding Federation Council decree there are no serious arguments against the legislative draft. (Who nowadays would come out in direct opposition to local self-government?) However, the draft did not find sufficient support in the upper house either. Some of the senators, among whom there are a rather large number of administration heads, voted "nay," assuming that voting "aye" would mean cutting off the branch they were sitting on. And obviously there was some kind of logic in that. After all, the proposed version of the law presupposed that the population of any city, settlement, or village — or, in general, that which the document calls "the territory of a municipal formation" — gets not simply rights, but also real opportunities to resolve independently practically all the problems of local significance — whether that be a matter of improving the everyday amenities, of cleanliness in the streets, hot water in the homes, or local budget, taxation, the financing of its own municipal militia, etc. That is, in the spirit of "charity begins at home," people have to make their own decisions. Therefore the legislative draft does not stipulate any chiefs who have been appointed "from the top" on the territory of the municipal formation. The people themselves are able, with the aid of elections, to decide who is capable of doing the drudgery work required of a municipal politician.

That is the scheme. But in order for it to begin operating, the authorities in the subjects of the Federation will have to share various things: powers, finances, property, and the land. But they do not want to share. This is how Anatoliy Sliva, chairman of the Duma's Committee on Questions of Local Self-Government, commented on the situation: "We have enough problems here for decades. But what is hindering us is not the Constitution — it has as many as 20 articles that are dedicated, to one degree or another, to local self-government. What is hindering us is our mentality, our psychology."

Probably for the first time in many decades we are observing an attempt to put reliance upon people's initiative, upon the responsibility of those people themselves and of the authorities, as well as upon clarity in the interrelations among the various levels of power, without ignoring the "territory of the municipal formation."

Will the members of the conciliation commission succeed in reaching that version of the legislative draft that would persuade both the upper house and the lower house to vote "aye"? Won't the baby be thrown out with the bath water?

As far back as February of this year, there was an all-Russian conference that was dedicated to the implementation of the constitutional statutes pertaining to local self-government. The participants in that conference were the entire "political world." The president, the premier, chairmen of the parliamentary houses and committees, heads of the executive and legislative authority of subjects of the Federation. Among other things, it was decided that, in order to unite and coordinate the efforts, it was necessary to create a council on local self-government under the president. Since that time the red tape pertaining to that decision is so tangled up that it is impossible to find the ends of it.

The preparation of the government's program for supporting local self-government has been in progress for two years. Possibly the informed sources are correct when they assume that at this stage the fly in the ointment is the lack of desire to take into consideration the financial support of the program in next year's budget... Putting it more succinctly, there are a rather large number of factors — whether they be objective or subjective —that are impeding the development of local democracy.

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Therefore there were a very large number of doubts as to whether the members of the conciliation commission would come to the optimal version of the law on local self-government. If that does not occur and the State Duma attemps to override the nonconsent of the Federation Council, then it is extremely probable that the law could expect a presidential veto, inasmuch as the president, judging from the experience of the enactment of the Law on the election of deputies to the State Duma, is attempting to achieve a situation in which the fundamental laws emerge from the Federal Assembly with the approval of both houses.

However, the conciliation commission nevertheless succeeded in arriving at a single opinion, and yesterday the coordinated legislative draft was accepted in the Duma by a prevailing number of votes.

*Duma Committee Head Sliva Comments on Difficulties

954E1197B Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 3

Article by Anatoliy Sliva, chairman of the State Duma of the RF Federal Assembly's Committee on Questions of Local Self-Government, under rubric "In the State Duma": "The City Dweller Is Owner of the City: Experts Are Perfecting the Federal Law on Local Self-Government"]

[FBIS Translated Text] **The federal law on the general principles of organizing local self-government is one of the basic documents that should be adopted by the present legislators.**

The legal act is being developed in sharp discussions. In June the State Duma adopted the law. In July the Federation Council rejected the document, returning it for modification.

At the request of ROSSIYSKAYA GAZETA, Anatoliy Sliva, chairman of the Duma's Committee on Local Self-Government, comments on the basic principles of the law and its debatable articles.

I would especially like to mention the results of the voting in the State Duma: 302 deputies voted in favor of the law and only seven against it. There have been few instances when the deputies displayed such agreement. And there is good reason for this. Without local self-government there will be no success for the reforms — whether those reforms are economic, political, or legal.

At the present time the right to local self-government is still being denied to the population of many cities in which, by laws of subjects of the Federation, state administration has been established. This practice by which agencies of authority of subjects of the Federation infringe upon the population's rights and opportunities for local self-government in cities of "rayon subordination," which are the core of the Russian state, took on a mass nature long ago.

It seems to us that the reason for this is that the nation's political philosophy and its age-old experience, require independence in the resolving of local matters. But in many other subjects of the Federation, and particularly in Chelyabinsk and Murmank oblasts and Maritime Kray, with the direct connivance of the regional and federal authorities, elections of local authorities have not been held for two years.

On 23 June ROSSIYSKAYA GAZETA published an article signed by economist V. Seleznev, who asserts that local self-government is advantageous only for the Mafia and corrupt officials. We shall not conceal the fact that unpleasant situations actually are encountered in the outlying areas.

For example, according to General Procuracy reports that were submitted to the State Duma's Committee on Questions of Local Self-Government, the administration head in one of the rayons in the Volga area, during the period from 1 September 1993 through 1 November 1994, issued to private enterprises loans from the budgetary account for a total amount of 5 billion rubles, of which 2 billion were interest-free. Acting as the founder of the House of Trade, he issued a directive granting that commercial structure, as a contribution to the statutory fund, municipal accommodations to be used as an office and trade areas. But the crux of all this matter is that this administration head had not been elected by the population, but had been appointed. I doubt that a voter or taxpayer would have allowed an elected head of self-government to use budgetary funds in this manner, to the taxpayer's detriment.

The federal law has included in questions of local significance everything that promotes the improvement of the life of the citizens living on the corresponding territory, and particularly the adoption of the charter of the municipal formation, the approval of the local budget and the report on its execution, and the establishment of local taxes and levies.

The federal law has also defended the territory of the local community, which territory is an inseparable conditions for its vital activity. The natural and land resources serve as the basis of the economic independence of local self-government, and enable the population to resolve their own problems without "sanctions" from above, since it frequently happens that that "upper stratum" not only fails to provide assistance, but even fails to execute its own obligations, for which the necessary resources were allocated.

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But one should not forget that, by implementing its right to local self-government, the population also assumes the responsibility for the state of local affairs. Therefore it is necessary to be guided by the old rule, "Measure seven times, cut once." I mention this because one rarely encounters "curtailed" objects of jurisdiction, that is, the precise definition, in the charters of municipal formations, of a limited number of local questions. Therein lies a possible reason for conflicts.

Let's think a bit about whether a municipal formation that does not have any funds can fulfill all the functions that it has assumed. The answer is unambiguous — no, it cannot. It is precisely for that reason that it is only with a rise in the "budgetary" prosperity that one should assume various powers. From the moment of the adoption of the charter of the municipal formation, the state relinquishes the responsibility for resolving questions of a local nature. And if the local budget does not have the necessary funds, then, as the expression goes, "you have only yourself to blame!" — and you must assume the responsibility.

And that responsibility will be not transparent, but real, primarily material responsibility, that is expressed not in direct losses of financial funds by each member of the local community, but in the indirect losses and expenditures. The lack of funds in the local budget will have an effect on the level and quality of the education that children will receive, on the quality of medical service, and in other inconveniences. The local community can ask the state to provide money, but the state is not obliged to allocate it.

Taking into consideration the scope of our country, the federal law has established only general principles for organizing local self-government. The specific norms must be contained in the laws of the subjects of the Federation and in the charters of the municipal formations. This pertains primarily to the forms of carrying out local self-government — directly or by way of agencies that are formed in conformity with the charter.

Something that is rather new in Russian practice is the public's direct participation in the deciding of local questions. We talk frequently about the local referendum. But in addition to that form there also exists the citizens' assembly — the meeting of local residents. The assembly is convoked wherever elected representative agencies of local self-government are not formed. Only the assembly has the right to decide the questions that have been legislatively included within the exclusive competency of the representative agency.

However, the public's direct resolution of questions of a local nature is not limited to the local referendum and the citizens' assembly. The law gives the right to the law-making initiative of the people, by which one understands the public's preparation of drafts of local legal acts and the presentation of them to the agencies of local self-government.

According to the RF Constitution, agencies of local self-government are not included in the system of agencies of state authority. For those of us who have grown up under the Soviet authority, this seems to be a strange and inevitably provocative question: what will or must the state do for absolutely every specific local community? The federal law provides the answer — the state creates the necessary legal, organizational, and material-financial conditions for the growth and development of local self-government and provides assistance to the public in carrying out the right to local self-government.

It is especially necessary to mention the fact that the federal law contains norms that regulate the holding of the elections to representative agencies and of officials of local self-government. The elections must be conducted no later than six months after the law has gone into effect. At such time the agencies and officials who have been elected by the public prior to the date when the federal law went into effect retain their powers pending the expiration of the term of office for which they had been elected. The question of who will be elected to the agencies of local self-government will be decided directly by the citizens. And their incorrect choice will be one of the forms of the responsibility that is stipulated for local self-government. And if we are aware of that, then one would scarcely think that the election of unworthy individuals is possible. Because the people who have to live in the country, city, or village are not only ourselves, but also our children!

The fate of the law and the growth of local self-government in Russia now depends upon the Federation Council and the president. The Federation Council, unfortunately, has rejected the law. And at the present time the State Duma is working on the comments that have been expressed, which will be taken into consideration in one form or another.

One of these acute questions is guaranteeing the citizens' personal safety. In everyday life they encounter a rising tidal wave of crime against which they cannot be protected by the state militia alone.

It would seem that the federal militia must operate on the entire territory of the country within the limits of federal jurisdiction; the militia of the subject of the Federation operates on its territory within the limits of the powers that have been established by the Constitution; and the municipal militia must guarantee the protection

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of the citizens' life and health, their honor, dignity, and property against criminal encroachments.

This kind of reform, if it is carried out, will actually mean the "municipalization" of the majority of the militia, the bringing of that militia closer to the citizen, and the increasing of the responsibility to him as a taxpayer.

We must all be completely aware that, without federal legislation on local self-government and its implementation, primarily in the economic-financial sphere, and without the immediate election everywhere by the citizens of agencies and officials of local self-government, there will not be in Russia any truly democratic election to the State Duma or the Federation Council, or of the president of the Russian Federation.

***Krasnodar 'Russia Is Our Home' Issues Appeal**

954F2786A Krasnodar KUBANSKIYE NOVOSTI in Russian 23 Jun 95 p 3

[Unattributed article: "'Russia Is Our Home' Political Announcement: Krasnodar Kray Organization of the 'Russia Is Our Home' All-Russian Public-Political Movement"]

[FBIS Translated Text] We, the delegates and participants in the Krasnodar Kray organization of the "Russia Is Our Home" All-Russian Public-Political Movement, by our own will and proceeding from the highest principles of concern for the future fate of Russia, have resolved to unite in a movement whose goal is development and stability, democracy and patriotism, confidence and order.

We support the delegates of the founding congress of the "Russia Is Our Home" movement, and declare that it is our desire to gather around us those who value our common home, Russia, those who want progress without revolutionary upheaval, those who are tired of disorder, those who are proud of Russian citizenship, and those who are devoted to their Fatherland and firmly intend to pass these sacred feelings on to their children and grandchildren.

We call to our ranks those who have proved their professionalism in deed, who are capable not just of speaking, but of working, who take responsibility for their actions, and who do not play at politics for the sake of their own personal ambitions but who want to work for the good of Russia, the residents of the Kuban.

Yes, we clearly admit that the "Russia Is Our Home" All-Russian Public-Political Movement is a government party. The government is given much, but it is also often questioned, and we are not afraid to share with the government the responsibility for the fate of our society, our dear Kuban. This is why we have chosen as chairman of the Krasnodar Kray organization of the "Russia Is Our Home" All-Russian Public-Political Movement Ye. M. Kharitonov, kray administration chief, in order to gain more solid support from the executive branch.

Over the years of social reform, many serious errors and omissions have been made: the economy is ailing, the unemployed and the socially unprotected have appeared on the streets of cities and rayons, crime has flared, and some of our best traditions and rituals have been consigned to oblivion.

We clearly admit that reform in our society is an objective necessity but not at the price of cataclysms, grave mistakes, losses, and neglect.

Even this year, the movement feels that it is realistic to achieve financial healing and animation in the economy, the rise of the Kuban village, and real support for large collective goods manufacturers and farmers.

In the area of social policy, the movement must promote a unification of forces between the state and domestic goods manufacturers in order to create new jobs for the further development of science, production, education, culture, and health care, targeting support and protection for those who are unable to protect themselves.

Our political priorities are: strengthening the Russian state and responsibility for its fate; an uncompromising battle against crime and corruption; a rebirth of the best folk traditions and rituals; a rallying together of people; the strengthening of friendship and neighborliness; respect for all nations and peoples; the development of interethnic relations; support for progressively oriented Cossack groups; a respectful attitude toward veterans; and a patriotic upbringing for youth.

The movement's ballot is a ballot of serious people, professionals who know what must be done to restore and rebuild Russia, our Kuban.

There are people like this in every city and village, in every social group, in industry and trade, in business and banking, in science and education, in the army and in law enforcement organs, and in culture and art.

We invite into our ranks Russian patriots, residents of the Kuban, all parties, and public associations for whom the goals and tasks of the public movement are dear.

[Dated] 6 June 1995, Krasnodar

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***Krasnodar Price Increases Reported**

954F2786B Krasnodar KUBANSKIYE NOVOSTI in Russian 23 Jun 95 p 2

[Article by Kray Committee on Statistics Department of Price Statistics: "Statistics Confirm: And Prices Rise..."]

[FBIS Translated Text] Compared with April, the inflation rate in May was 109.7 percent and has been 168.9 percent starting from the beginning of the year. The manufacturers' price index for industrial products was 109.0 percent in May and 179.7 percent from the beginning of the year.

Changes in prices by branches of the kray's economy in 1995 are characterized by the following figures:

Months	Combined consumer price index (inflation index)	(in percentage of preceding month)				
		of which			Wholesale price index for industry	Tariffs on freight shipments
		Food products	Non-food products	Paid services		
January	114.9	120.0	109.3	119.8	119.5	110.8
February	112.2	113.9	109.5	116.2	114.7	144.8
March	109.5	108.4	108.4	118.8	110.6	111.8
April	109.1	108.1	107.9	116.8	108.8	118.8
May	109.7	110.3	107.9	113.7	109.0	105.8
Since beginning of the year	168.9	176.5	151.2	218.8	179.7	225.3

In the period from January to May, prices for consumer goods and services grew by 1.7 times, with prices for food products rising by 1.8 times, non-food products by 1.5 times, and paid services to the population by 2.2 times.

In May, meat products, frozen gourmet fish, canned fish, fruit and berries, vegetable oil, tea, natural instant coffee, and sugar experienced the most dramatic price hikes: 8-15 percent. With the appearance of the new harvest vegetables, prices rose for potatoes by 45 percent; for onions, carrots, beets, and apples by 31-34 percent; and for fresh cabbage by two times. Over the same period, prices for cucumbers and fresh tomatoes dropped.

At city markets, food prices rose by 16.8 percent over the month of May and by 67.5 percent since the beginning of the year.

A significant difference in prices continues among the kray's cities and regions. For example, the maximum price for a kg of beef was recorded in Goryachiy Klyuch at 13,250 rubles [R]; the minimum in Temryukskiy Rayon was R8,100 rubles; for fresh fish it was R8,700 in Gulkevichskiy Rayon and R3,625 in Yeysk; for vegetable oil it was R8,068 in Novorossiysk and R3,000 in Kanevskiy Rayon; and for wheat flour it was R1,448 in Timashevkiy Rayon and R683 in Kanevskiy.

The cost of a selection of 19 food products reached R174,800 by the beginning of June and has risen by two times since the start of the year.

Prices for non-food items rose more slowly in May. The greatest growth was observed for cotton fabrics and sewn articles made from them, natural silk, children's clothes, bed sheets, summer footwear, tobacco products, metal dishes, and metal household utensils, electric lamps, construction materials and gold products.

Among paid services, television and radio repair services and photo studio services experienced significant price increases. The price of electric power rose by two times. The increase in prices for utility services has led to a rise in the cost of maintaining children in preschool facilities by 1.4 times. Airplane ticket prices have risen sharply. The cost of a ticket to Moscow reached R196,850, or 1.5 times more than in April. The cost of vacations at rest homes rose by 1.8 times, and the services of notary offices rose 1.3 times.

Compared with the preceding month, manufacturers' prices for industrial products rose by 9 percent in May and have risen by 79.7 percent since the beginning of the year.

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The main increase in prices took place in power. On the whole, prices for electric power rose by 44 percent, with electric power allocated to industrial enterprises rising by 39 percent and to the population by two times. Power for heating rose by 2.9 times.

The rate of growth for construction material prices was 11 percent, with a rate of 29 percent for asbestos-cement products, 18 percent for cement, and 17 percent for wall blocks and rolled roofing material.

In light industry, prices rose by 19 percent, by 35 percent for cotton fabrics, and by 14 percent for sewn articles. On the average, prices for machine-building products grew by 10 percent, with automobile prices rising by 27 percent. In the fuel industry, the cost of natural gas extraction rose by 11 percent, of diesel fuel by 6 percent, and of gas and black oil by 4 percent. In the food industry, prices rose by 4 percent over the month, with fish industry prices rising by 14 percent, bread prices by 10 percent, meat prices by 7 percent, and tobacco and chewing tobacco by 8 percent. Prices for margarine products dropped 88 percent due to a lack of demand for them.

Tariffs on freight shipments using various modes of transportation grew by 5.8 percent in May, compared with April: pipeline by 6.5 percent and automobile by 2.5 percent. Since the beginning of the year, prices for shipments have increased 2.3 times.

The cost of rail shipment has risen by 19 percent and by 3.6 times over five months.

Tariffs for air freight shipments rose by 25.2 percent over the month.

In capital construction, the increase in prices for materials acquired by construction organizations was distributed in the following manner: for paints, asbestos-cement pipes, gas, diesel fuel, and electric power it was 5 percent; for brick, road metal, sand, cut lumber, window glass, and steel pipes it was 6-10 percent; for rolled roofing material, steel constructions, tin pipes, gravel, and asphalt-concrete mixture it was 11-20 percent; for cement, steel frames, and limited supply materials it was 21-30 percent; for bitumen, shaped steel, linoleum, and wire it was 31-50 percent.

The price index for materials acquired over the month of May was 16 percent.

*Differing Opinions on Khanty-Mansiysk Okrug Charter Aired

*Writer From Okrug

954E1201A Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 2

[Article by Khanty-Mansiysk writer Ivan Nikolayev: "Closer to Moscow Than to Tyumen"]

[FBIS Translated Text] The Khanty-Mansiysk Autonomous Okrug has adopted a Charter, a kind of "small constitution,", and this has created considerable interest among broad circles of society. They have been saying that behind adoption of the charter there is a poorly concealed effort "to separate," "to stand apart," and "to bite off more than one can chew."

Let us explain the keen interest in how much someone is eating: Russia has entered the phase of property redistribution, and precisely who will prosper in this country depends on how this develops. Whether this will be a class of officials who are capable only of apportioning what was created by others, or whether the government will transfer the economic initiative to the people, the real organizers of life, remains to be seen. The charter adopted in Khanty-Mansiysk is aimed at ensuring that we do not live by the old rule: anyone who can torment another person will do so. A high official usually "can," and the closer he is to the center, the more he can. The autonomous okrugs are now attempting to stop this practice and build their lives on more natural principles. These attempts are inscribed directly in the Constitution of the Russian Federation, and when individual politicians try to depict the adoption of autonomous okrug charters as an alarming occurrence, they are either being sly or consciously creating one more breeding ground for conflict.

The Khanty-Mansiysk Autonomous Okrug is a rich area. Many people associate it with snow, tents, reindeer, and velvet antlers. Previously, under the conditions of a rigidly centralized state, industrially developed Tyumen took boundless undeveloped territory under its guardianship, and it was correct to do so. Times have changed though. The Khanty-Mansiysk region acquired extensive industrial development, and its population has increased substantially. The area has become an intensively developed, promising region which cannot be squeezed artificially into the framework of a state system half a century old. It is paradoxical, but Khanty-Mansiysk is closer to Moscow than to Tyumen, where all Khanty-Mansiysk initiatives without exception had to be coordinated and approved not long ago. The oblast center's aspiration to retain its rich patrimony is understandable, but they cannot ignore the new reality,

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in accordance with which the okrug's independence is completely constitutional. The okrug is part of Tyumen Oblast as long as this is freely acknowledged in the charter, but the forms taken by their relations will be worked out by means of conciliatory contractual procedures.

To the credit of Tyumen Oblast leaders, after lengthy and agonizing attempts to retain the "status quo" with respect to the okrugs, they assessed the situation from the standpoint of the dynamics of civilized development. As a result of extensive work jointly with Tyumen Oblast leaders over a two year period, the charter came into being. On the whole, this document has not infringed upon Tyumen's interests, leaving it with adequate income. Khanty-Mansiysk Okrug makes a 20-percent contribution to the Tyumen Oblast budget.

In the words of Sergey Sobyanin, chairman of the Khanty-Mansiysk Duma, "the creation and adoption of the charter was far from a simple matter. There was strong private pressure to see that we did not adopt it. A huge official bureaucracy was essentially unnecessary, since it established clear-cut rules for relationships with the federal authorities, with Tyumen Oblast, and within the okrug. Finally, we defined our rights and structured them. With respect to the oblast, we are ending those legal confusions which led to political speculations. It now becomes clear who possesses the mineral resources in the okrug's territory: the Russian Federation and its component, the Khanty-Mansiysk Autonomous Okrug. This is in conformity with Article 72 of the Constitution—joint competency. Now it is becoming clear who is in charge of the budget and the non-budget funds..."

Russia is making a painful attempt to provide for its own development and shape new relationships. It is precisely in this context that adoption of the charter should be interpreted, and certain zealous citizens are counting on a war between "the north" and "the south" of the Tyumen region in vain.

***ROSSIYSKIYE VESTI Tyumen Correspondent**

954E1201B Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 2

[Report by ROSSIYSKIYE VESTI Tyumen Oblast correspondent Vladimir Yefimov: "Provided That They Do Not Undermine the Budget"]

[FBIS Translated Text] Beyond any doubt, the Khanty-Mansiysk Okrug Duma was guided by exceptionally good intentions when it adopted its "small constitution." Additional guarantees were declared for indigenous peoples of the North, the jurisdiction and powers of the organs of state authority were defined, and the bases for relationships between the okrug and the oblast were established. Of primary interest to me as a resident of Tyumen, however, is how the problem of these relationships is resolved by the charter, and a problem exists.

There are three committees involved in the administration of state property in Tyumen Oblast today: three antimonopoly administrations; three offices of public prosecutors. They are all federal structures with equal rights. FSB [Federal Security Service], internal affairs, and oblvoyenkomat [oblast military commissariat] administrations which have not been divided into three parts yet symbolize formal unity. Yet, I emphasize: the Charter of the Khanty-Mansiysk Autonomous Okrug provides for this omission to be corrected, too.

"An independent budget and public prosecutor's office is still no indicator of independence," said Vasiliy Andreykin, adviser to the Russian Federation president in Tyumen Oblast. "Even if we are not referring to the integrity of power structures and numerous centralized economic structures, there are unified railroad, air, and river transport systems, and a recreational system which was created with large contributions from northern residents, by the way. There is a unified river basin and a great deal more, such as a major part of the foodstuffs which Tyumen ships to the autonomous okrugs, but the most important factor is what makes the oblast a whole—unity of the population. For this reason, the commotion about the oblast's division is just commotion.

It is no accident that Tyumen Oblast has become an area for redistribution, all the same. It is completely clear that this division was not undertaken in the course of the division process by the okrug elite and those who are "sustained" by them, by any means. Let us put it this way: there are other interested parties.

At the end of 1993, an attempt to form a Mansi Republic in the Khanty-Mansiysk Okrug of Tyumen Oblast was stopped by Tyumen law enforcement organs. The work to create the self-proclaimed republic was conducted at that time with the active participation of political figures in Russia who are now widely known and prosperous.

Their interest is understandable. First of all, the oblast is the only one in all Russia's regions which extends through it from the Arctic Ocean to Kazakhstan. Second, the only mainline railroad out of Central Asia passes close to Tyumen's border. Third, Tyumen is situated where the zones of potential economic and political interest of Japan and Western Europe intersect in Russia.

Leonid Roketskiy, Tyumen Oblast's head of administration, is disturbed by the attempts to disintegrate Russia's

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North. "To the extent of my ability, I am trying to oppose this destructive activity, and I will not permit a region which has both grain and oil to be torn apart. This is simply pointless..."

It is unlikely that the Tyumen governor would be disturbed about this if there were no contradictory aspects in the charter's individual provisions. As an example, according to the charter, the okrug is part of the oblast, although the okrug's territory is not an integral part of oblast territory. It sounds absurd, and it looks even more absurd. Neither the duma nor the administration of Tyumen Oblast can agree to this provision. For that reason, that part of the payment for mineral resources (esteemed writer Nikolayev called this the okrug's 20-percent contribution to the oblast budget) which enterprises in the oil and gas complex are transferring to the Tyumen Oblast budget today will be transferred to the federal budget. This is a substantial amount of money, however, which makes up nearly 40 percent of the oblast budget. Everything else is just commotion. Anything for an entertaining subject...

In the opinion of scientists, a way out of this contradictory situation may be found only by reinforcement of the geopolitical and socioeconomic uniqueness of Tyumen Oblast through constitutional law. This is the exclusive competence of the federation. Tyumen will resolve the other problems itself.

*ROSSIYSKIYE VESTI Commentary

954E1201C Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 2

[Untitled commentary by the ROSSIYSKIYE VESTI political department]

[FBIS Translated Text] The Tyumen conflict is not the first one in relationships between components of the federation, and it will probably not be the last one. Of course, the question is not only that some people want more power and others do not want to share it. The fact is that everything turns on the undecided nature of the main question: who owns the natural wealth in the territory of a federation component, who may use the resources and to what extent, and how the budget or one territory or another is put together.

The federal government is limited in its opportunities to exert influence on these conflicts for a very simple reason: the lack of efficient legislative mechanisms, namely laws on the system of organs of authority in the Russian Federation and on demarcation of the powers and areas of authority between the federal center and the federation's components. The lack of a legislative mechanism also means the inability in many cases to influence the charters being adopted locally which may not formally contradict the Constitution of the Russian Federation but may come into conflict with elementary common sense.

How should the federal center conduct itself in such cases? In its relations with republics in the federation, Moscow makes up for the lack of a legislative foundation with bilateral agreements. This phenomenon has many opponents, but it cannot be denied that an incomplete, temporary mechanism is better than none. Consequently, there are permanent conflicts. Sometimes power is displayed better in flexibility and a subtle diplomatic approach to a complicated situation than in any conflict.

We think that in the Tyumen situation, as with other intraregional and interregional conflicts, the center should not permit a haphazard course of events. Any destabilization of the situation in a part of the country weakens Russia as a whole.

*Bashkortostan Banking System Profiled

954F2907A Moscow KOMMERSANT DAILY in Russian 12 Jul 95 p 5

[Article by G. Khannanova: "Bashkortostan Banks Are a Thing in Themselves"]

[FBIS Translated Text] **Today we begin a series of articles with the rubric "Regional Banking Systems," within the confines of which KOMMERSANT DAILY will discuss the development of the banking systems in the most developed regions of Russia. The series begins with a survey of the Bashkortostan banking system that has been prepared by KOMMERSANT DAILY correspondent Gulchachak Khannanova.**

The Banking System Has Grown Up on 'Petroleum' Money

The system of banking institutions in Bashkortostan consists of the republic's National Bank (NB RB [National Bank of the Republic of Bashkortostan]), which fulfills the functions of the territorial administration of the TsB RF [Central Bank of the Russian Federation]; 34 commercial banks; 116 of their branches within the republic and 15 beyond its limits; more than 1170 departments, branches, and agencies of Sberbank RF [RF Savings Bank]; as well as 38 branches of four commercial Moscow banks. In the opinion of experts, such a significant number of operating banking structures in Bashkortostan is not accidental: the republic has at its disposal the largest oil-refining, petrochemical, and machine-building complex in the country, including the defense branch. Correspondingly, Bashkortostan has in

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circulation volumes of finances that at times are incomparable with the reserves of the other Russian regions. It is those financial resources (for the most part, the so-called petroleum money) that served initially as the base for the development of the republic's banking system. Judged on the basis of last year's results, the total volume of the assets of the republic's banks was 14.7 trillion rubles and, during the first four months of 1995, more than 10 trillion rubles. As of the beginning of June 1995, the total size of the paid statutory capital was 274.5 billion rubles.

The first "zero" nonstate bank in Bashkortostan (and one of the first in the former Union) — the "Vostok" [East] Bank — was created in 1988. As is generally known, currently "Vostok" is going through what are not the best times. Having been registered in Moscow, it is considered in Bashkortostan to be a Moscow bank that has at its disposal 35 branches on the territory of Bashkortostan. In 1990-1991 several local departments of former specialized banks — Promstroybank, Zhilsotsbank, and Agroprombank SSSR — were commercialized in the republic: they became the joint-stock Bashkirbank, the shared Sotsinvestbank, and "Bashkiriya" Agrobank, which to this day are considered to be the largest in the republic. In 1992-1993, on the wave of a banking boom, the process of the creation of smaller commercial banks took off rapidly in Bashkortostan, to a large part in the form of "pocket" banks of major enterprises that had decided that it was better to "wheel and deal" with their own money by themselves. According to Mukhamet Sagitdinov, chairman of the RB National Bank. it was specifically during that period, prior to the third quarter of 1993, that the republic was literally swimming in money — it did not pay funds in a centralized manner to the federal budget; it exported a lot of crude oil; and it did not experience any breakdowns in meeting the payment deadlines; and all these factors, as a result, enabled the republic, with regard to the total monetary aggregate, to occupy third place in Russia after Moscow and Moscow Oblast.

Money Is Not Everything

The initial period of euphoria from the opportunities that had opened up obviously played their role in the situation in which the banks, in the race for the "long" interest, carried out, under conditions of the high inflation of past years, a rather risky credit policy, and were not concerned about strengthening the diversification of their assets or credit portfolio and did not immediately sense the lack of guarantee of success simply by the existence of substantial financial resources. The existence in the republic of major industrial enterprises, together with the production slump throughout Russia and the nonpayments crisis that broke out by the end of 1993, ended with a sharp increase in the sums of credit that was not returned to the banks and in a wave of "red-ink" bookkeeping balances at many of them. As a result, a reverse process began in the formation of the republic's banking system: in 1994 licenses or the conducting of banking operations were withdrawn from two commercial banks, and this year six more are already candidates for their withdrawal. Thus, whereas recently it was very easy to mention the group of the first five Bashkortostan banks, today, in the opinion of specialists, one should rather discuss the group of three of the realistically most reliable and largest banks. They are Bashprombank, the founders of which are practically all the major industrial enterprises of Bashkortostan, and the clients of which are enterprises in major and middle-sized industry and approximately 75 percent of the commercial structures in operation in the region; Sotsinvestbank, with its experience —the most developed among Bashkortostan banks — in carrying out foreign-economic operations and its intention of participating within the near future in creating a network of municipal banks in the republic; and the republic's credit-and-investment Bashkreditbank, which has become, for Russia, the prototype of the regional financial institutions of the German Landesbanks that are new for Russia.

KOMMERSANT DAILY comment: Bashkreditbank — an empowered bank of the Republic of Bashkortostan — has statutory capital of 184.6 billion rubles; its own capital of approximately 500 billion rubles; and turnover of more than 1.6 billion rubles. The bank has representations in Moscow and Novosibirsk, and a branch in St. Petersburg.

The creation of the bank was at first not advertised. First of all, the entity that acted as the one-hundred-percent founder of the bank, on instructions from the Bashkortostan parliament, was a state institution — the republic's Council of Ministers. Secondly, the funds that became the base for the bank's development, according to the plan of the republic's leadership, were the temporarily available budgetary funds and the money in the nonbudgetary funds. True, it became apparent that it is no simple matter to become a bank that is competitive in the Russian market, even after getting its hands on a tremendous amount of cheap resources that are inaccessible for other commercial banks, as well as the government's benevolence: by February 1994, without having existed even a year, Bashkreditbank proved to be close to the critical threshold. The reason was the preferential credit given to insolvent enterprises and the loss of vigilance with respect to mortgages and the guarantees of the returnability of loans.

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The situation was saved by the invitation to the bank leadership of a person who, in the opinion of a number of specialists, is the most promising young banker in Bashkortostan today, Azat Kurmanayev, with whose arrival there has also been a fundamental change not only in the bank's tactics in the financial market, but also in practically his entire team. In Kurmanayev's opinion, in order to bring the bank out of the crisis it was necessary, on the one hand, to force starting to operate it as a purely commercial one, by assimilating the entire spectrum of modern income banking operations, and, on the other hand, to resolve the bank's main task — the investment task — but by fundamentally different methods than had been previously used. After all, the entire brief history of the usual means of commercial banks in Russia convinces one of the impossibility of carrying out through them any broad-scale investments in the economy primarily because of the risk structure of their liabilities, and therefore the only structures, in Kurmanayev's opinion, that can become truly investment ones under today's Russian conditions are those that possess cheap resources to be redistributed on behalf of the state.

The bank leadership managed to resolve the first part of the task literally in several months. By 1 July 1994 Bashkreditbank had occupied third place among the Russian banks with regard to volumes of disposable ruble MBK [interbank credits]. During the first five months of the current year, the volume of profit received already constituted 203.2 billion rubles. Recently the bank leadership has been actively testing the "lengthening" of credit, broadly conducting currency operations, and releasing its own promissory notes. By playing the complicated role of "financial floater" of the regional economy, today the bank, on the strength of the preferential conditions of existence that have been granted o it, is fulfilling a number of social programs that are not profitable for itself, and at the same time is carrying out the selection of average-term and long-term investment projects that, in the long run, can serve as the basis for creating a financial-industrial group in Bashkortostan.

Experiments Do Not Always Go Favorably

The Bashkortostan banking system was always somewhat of a thing in itself for two reasons: first, because of the unadvertised but obvious dislike for the "newly arrived" financiers, and, secondly, because of the voluntary or involuntary striving by the local legislators to get ahead of their Russian colleagues in financial lawmaking. The most recent act of this kind was the adoption of the statute on introducing, on the territory of the republic, sanctions for enterprises that are pumping currency funds abroad under the guise of prepayment for goods and services. A substantial role at one time for the banking system was played by an experiment to introduce electronic payments on the territory of the republic. One of the first region-wide "day to day" electronic settlements systems that were introduced in Russia caused a real revolution in the region. True, experiments have not always had only fruitful results: thus, the completely logical decision to exclude from the chain of RKTs [account clearing center] payments the RF Central Bank as the least mobile link in the transfer of payment funds in the course of the introduction of electronic payments was carried by such slapdash methods that the banks and their clients incurred considerable losses.

A fate that was just as unambiguous befell the "Bashkortostan" Settlement House, that had been founded by the National Bank together with not the largest banks in the republic as a clearing center. The attempt to use it to monopolize the handling of payments in the republic evoked protests both on the part of the major commercial banks and on the part of the RF Central Bank, as a result of which the house was transformed into a structural unit of the RF Central Bank — the Regional Informatization Center. And that, incidentally, was not the only instance of lack of coincidence between the interests of the major banks and the National Bank. In the opinion of specialists, it is largely because of the reciprocal lack of coordination of the plans that we still observe the freezing of the program for forming a regional telecommunications network that has "threatened" to become an innovation for Russia, on the basis of the "Sokol" [Falcon] space communication system, for which, two years ago, the National Bank purchased approximately 11 small ground-based stations.

Banks in Bashkorotostan: It Would Be Nice if They Could Survive as Their Own

As for the position of the Bashkortostan financial upper crust with respect to the "aliens," in order to open a branch in Bashkortostan it is necessary to have at least a strong lobby. For example, the opening of all three (other than "Vostok") branches of Moscow banks — Aviabank, "Aeroflot," and Mezhprombank — was given the protection of local major producers. In the opinion of NB head Mukhamet Sagitdinov, with whom the local bankers are solid in this question, there is no need to attract out-of-town banks into the republic — the peak of the banking boom has passed,

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the economic sphere of their activity has narrowed, and many local banks are in a serious condition. Under these conditions, in Mr. Sagitdinov's opinion, a promising path for developing major Bashkortostan banks would be their assimilation of the latest banking technologies and the complete set of services, as well as further specialization: of Bashkreditbank, in fulfilling the most important republic-wide economic program; of Bashprombank, in providing settlement services for the major industrial enterprises; of Sotsinvestbank, in resolving the tasks of the municipal banks; and of Sberbank, in work that is natural for it — work with the public. And "Bashkiriya" Agrobank, which is being saved today by the government's efforts, in the long run could become a land mortgage bank.

One would scarcely think that the forecast for next year for small banks will be favorable. What may become the way out for many of them, according to specialists, is their transformation into branches of major banks or the receiving of the status of a financial institution with the right to carry out a limited number of operations. But it is possible, in the opinion of experts, to hope for a real upsurge in the banking system only as a result of the broad development of a free investment market that is necessary to maintain the viability of the republic's financial system.

Grouping of Commercial Banks According to Declared Statutory Funds, as of 1 May 1995

	Percent
1. From 100 million to 500 million rubles	46
2. From 500 million to one billion rubles	9
3. From one billion to 2 billion rubles	15
4. From 2 billion to 6.5 billion rubles	18
5. More than 6.5 billion rubles	12

*Irkutsk Oblast Law on Budget Changes and Decree Implementing Law

*Text of law

954F2927A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 4

[Text of Irkutsk Oblast law: "On Introducing Changes and Amendments to the Irkutsk Oblast Law, 'On the Oblast Budget for 1995'," signed by Governor of Irkutsk Oblast Yu. A. Nozhikov on 17 July 1995 in city of Irkutsk, No 152]

[FBIS Translated Text] **Article 1.** The following changes and amendments shall be introduced into the Irkutsk Oblast law, "On the Oblast Budget for 1995:"

1. Article 1 shall be expressed in the following edition: "Article 1. The oblast budget for 1995 shall be ratified on expenditures in the sum of 1217706 million rubles (R), proceeding from the estimated volume of expenditures in the sum of R1164726 million.

The marginal amount of the oblast budget deficit shall be set in the sum of R52980 million.

The amount of ready cash on hand on 1 January 1995 shall be approved in the sum of R32000 million.

The above-plan income revenues to the oblast budget and the funds due to Irkutsk Oblast from the Federal Fund for Financial Support of Subjects of the Russian Federation in 1995 (transfers) shall be directed toward covering the oblast budget deficit."

2. Article 2 shall be amended with a paragraph of the following content:

"...funds received by the oblast from the Federal Fund for Financial Support of the Subjects of the Federation in 1995 (transfers)."

3. Article 3 shall be expressed in the following edition:

"Accounting shall be made in the oblast budget for 1995 for the receipt of income from basic sources, in the following amounts:

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Source of income	Amount (million rubles)
Excise taxes on vodka and liquor-vodka goods	52326
Value-added tax	214002
Tax on profits of enterprises and organizations	418923
Tax on property of enterprises	118554
Special tax for financial support of vital sectors of the national economy	16197
Payment for natural resources (gold)	10176
Payment for mineral resources	3950
Rent payments for electrical power	86400
Income from privatization	6001
Miscellaneous taxes, fees and other revenues - total	74155
Including:	
return of credits	69196
Of those:	
return of credits on regional industrial grain fund	40000
Tax on securities operations	101
Funds from land tax credited to oblast budget for financing centralized measures	6086
Transport tax	24838
Income from lease of state property held in oblast ownership	1588
Funds received by the oblast from the Fund for Financial Support of Subjects of the Russian Federation	131429
Total income	1164726
Including:	
AO [joint-stock company] "Elektrosvyaz"	12857
East Siberian Railroad Administration	68686
AO "Vostsibugol"	34177
AO "Kedr"	6834
State Radio Broadcasting and Radio Communications Enterprise No 10 (GPR-10)	829
AOE and E [joint-stock company on power and electrification] "Irkutskenergo"	114986
Federal Postal Communications Administration	1993
AO "Irkutsknefteproduct"	4395
AO "Finprom"	2000

4. Article 9 shall be expressed in the following edition: "Article 9. The following standard deductions to the budgets of cities and rayons for 1995 shall be ratified:

—from excise fees, with the exception of liquor-vodka goods, income from logging, and tax on property of enterprises -100 percent; Income tax from individuals - 100 percent of the portion credited to the oblast budget;

—payment for natural resources (gold) - 67 percent;

—transport tax - 50 percent; to the city of Irkutsk - 100 percent;

—income from value-added tax, tax on profits and income from payments for mineral resources in the following amounts:

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	From value-added tax	From tax on profits	From payments for mineral resources
CITIES:			
Angarsk		39	
Bodaybo	5	18	67
Bratsk		47	100
Zima	25	100	
Irkutsk	25	100	
Nizhneudinsk	25	100	
Sayansk		100	
Taymet	25	100	
Tulun	5	48	67
Ust-Ilyinsk		94	100
Ust-Kut	25	100	50
Usolye-Sibirskoye	1	100	67
Cheremkhovo	11	100	67
Shelekhov		56	100
RAYONS:			
Balaganskiy	25	100	
Bratskiy	25	100	100
Zhigalovskiy	25	100	
Zalarinskiy	25	100	67
Ziminskiy	25	100	67
Irkutskiy	25	100	100
Kazachensko-Lenskiy	25	100	
Katangskiy	25	100	
Kachugskiy	25	100	
Kirenskiy	25	100	
Kuykhumskiy	25	100	
Mamsko-Chuyskiy	25	100	100
Nizhneulymskiy		99	67
Nizhneudinskiy	25	100	100
Olkhonskiy	25	100	
Spodyanskiy		72	67
Tayshetskiy	25	100	100
Tuninskiy	25	100	67
Usolskiy	25	100	100
Ust-Ilimskiy	25	100	100
Ust-Udinskiy	25	100	100

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	From value-added tax	From tax on profits	From payments for mineral resources
Cheremkhovskiy	25	100	67
Chunskiy	25	100	

5. A supplemental article shall be introduced into the text of the law, in the following edition:

"Article 9a. It shall be established that the above-plan income from the tax on profits of territories which hand it over to the oblast budget, in the amount subject to crediting to the oblast budget, formed prior to 1 July 1995 shall be credited 100 percent to the income of the local budgets; as of 1 July—30 percent to the oblast budget and 70 percent to the local budget, respectively.

6. Article 10 shall be expressed in the following edition:

"Article 10. Allocations from the oblast budget for 1995 shall be ratified for the following purposes:

Type of allocation	Amount (million rubles)
I. SUBSIDIES TO THE POPULATION BY SECTORS OF THE NATIONAL ECONOMY	246741
Including:	
subsidies for compensation of losses on passenger transit	10204
Of these:	
—by automobile transport	1576
—by railroad transport (urban electric trains)	7954
—by river transport	674
acquisition of passenger rolling stock, automobile transport (at the expense of 50 percent revenues from transport tax to the oblast budget from the territories	14634
financing capital investments for individual housing construction	2700
consumer services	180
compensation of the cost of housing-construction cooperatives with transfer to territory at place of construction	2169
municipal services	28877
Of these:	
—for making winter preparations	25198
Agriculture	181034
Of this:	
—for rural social development	62000
—for winter preparation of the housing fund	6360
—for giving aid to individual farms	3797
—for maintenance of facilities, radical improvement of the land and other agricultural measures	37137
—RASKHNIL [not further expanded]	13
—subsidies for livestock production	71777
—expenditures for inventorization of land (at the expense of the centralized portion of the land tax)	6086

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Type of allocation	Amount (million rubles)
—maintenance of small vessel inspectorates	507
—maintenace of inspectorates on environmental protection and natural resources	300
II. SUBSIDIES FOR CHILDREN	32027
III. EXPENDITURES ASSOCIATED WITH DEPARTURE OF POPULATION FROM NORTHERN REGIONS OF THE OBLAST	3424
IV. SOCIAL-CULTURAL MEASURES - TOTAL	212612
Including:	
public education, cadre training	55724
culture and art	19605
public health	95649
physical culture	2171
measures in the sphere of youth policy	600
social security	35863
mass media	3000
V. MAINTENCE OF ARCHIVE INSTITUTIONS	680
VI. MAINTENACE OF ORGANS OF STATE POWER AND ADMINISTRATION - TOTAL	30280
Including:	
oblast legislative assembly	2500
main administration on education	791
Committee on Public Health	490
Committee on Culture	305
Public Social Security Administration	3683
Committee on Physical Culture and Sports	577
Committee on Prices	738
Committee on Labor	800
ZAGS [civil registrar] department	172
State Inspectorate on Procurements and Product Quality	854
State Technical Inspectorate	670
Committee on Affairs of the Youth	112
Main Administration on Agriculture	3475
Committee on Architecture, Construction and ZhKKh [housing-municipal management]	798
Committee on Economic Activity	3924
Committee on Economics	1381
Committee on Pharmaceutical Activity and Production of Medicines	641
Department of Motor Transport	682

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Type of allocation	Amount (million rubles)
Committee on Industrial Policy	455
Veterinary Administration	82
Committee on the Food and Processing Industry	179
Committee on Trade and Consumer Services	907
VII. NOTARY OFFICES	3527
VIII. OTHER EXPENDITURES - TOTAL	43793
Including:	
administration of internal affairs	14182
administration of the state firefighting service	16834
oblvoyenkomat [oblast military commission]	1316
civil defense headquarters	2023
administration of internal affairs in transport	590
SMEU GAI [State Automobile Inspectorate]	2499
government communications center	300
Committee on Administration of State Property	1869
State Institute of Regional Legislation	706
territorial agency of Federal Administration on Affairs of Insolvency (Bankruptcy)	504
Main Finance Administration	2550
IX. FUNDS FOR ACQUISITION OF CURRENCY	8000
X. FUND FOR UNFORESEEN EXPENDITURES OF OBLAST ADMINISTRATION	49320
Including:	
for eliminating consequences of emergency situations (10 percent)	4932
XI. FUND FOR SUPPORT OF SMALL AND MEDIUM-SIZE ENTREPRENEURSHIP	6600
Including:	
for post-privatization support of enterprises	1500
XIII. REGIONAL GRAIN AND FOOD FUND	62971
XIV. COMPENSATION FOR INCREASED COST OF FOOD AT EDUCATIONAL INSTITUTIONS OF CONSUMER COOPERATIVES AND FOR ORPHANED CHILDREN OF TSENTROSOYUZ [CENTRAL UNION]	68
XV. BUDGET DEVELOPMENT - CAPITAL INVESTMENTS	31500
XVI.SUBSIDIES TO CITY AND RAYON BUDGETS	337437
XVII. FINANCING AND CREDITING OBLAST PROGRAMS AND MEASURES	88927
XVIII. CREDITOR INDEBTEDNESS FOR 1994	50122

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Type of allocation	Amount (million rubles)
XIX. NATIONAL POLICY	1000
XX. RETURN OF RENT PAYMENTS TO UST-ORDYNSK BURYAT AUTONOMOUS OKRUG	4277

7. Article 12 shall be expressed in the following edition: "Article 12. Protected articles of expenditure of the oblast budget are:

Article of expenditure	Amount (million rubles)
Sum of current expenditures of budget institutions	301211
Subsidies to city and rayon budgets	337437
Social protection of the population	64485
Preparation of the housing fund for winter	31558
Subsidy for livestock raising production	71777
[illegible text]	49328
Acquisition of passenger rolling stock, automobile transport	14634

8. Article 13 shall be expressed in the following edition:

"Article 13. Subsidies shall be allocated from the oblast budget in 1995 for financing current expenditures of the budget sphere in the sum of R337437 million, including:

	(million rubles)
CITIES;	
Zima	13521
Nizhneudinsk	6735
Sayansk	1997
Tayshet	16583
Ust-Kut	19028
Usolye-Sibirskoye	4349
RAYONS;	
Balaganskiy	5276
Bratskiy	18665
Zhigalovskiy	9231
Zalarinskiy	12801
Irkutskiy	13774
Kazachinsko-Lenskiy	10694
Katangskiy	13354
Kachugskiy	14469
Kuytukskiy	13260
Kirenskiy	8037
Mamsko-Chuyskiy	36240
Nizhneudinskiy	18834
including for Tofalarnya	6500
Olkhonskiy	10943
Tulinskiy	6805
Tayshetskiy	7080
Usolskiy	17623
Ust-Ilimskiy	6414
Ust-Udinskiy	9546
Cheremkhovskiy	17845
Chunskiy	14728

9. Article 14 shall be expressed in the following edition:

"Article 14. Monies of territorial and oblast extra-budgetary funds formulated in accordance with the legislation of the Russian Federation and Irkutsk Oblast

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at the expanse of special taxes, fees and other revenues shall be consolidated in the oblast budget as follows (million rubles):

—oblast ecology fund - 6817

—territorial road fund - 254245

Monies of these funds are for target use, and are to be used in accordance with the ratified budget funds.

For the purpose of accounting for the income and expenditures of the indicated funds, special budget accounts are to be opened in the Main Finance Administration. The order of expenditure of the monies in the extra-budgetary funds is determined by the oblast administration.

10. Article 20 shall be expressed in the following edition:

"Article 20. Sums of the special tax specified in Article 3 of the Irkutsk Oblast law, "On the Oblast Budget for 1995," which are supplementally received in excess of the plan are to be directed to the fund for oblast development for formulation of credit resources:

—2/3 for support of agricultural producers, trade and rural consumer services;

—1/3 for support of light industry.

11. Article 20 shall be considered as Article 21. **Article 2.** The law becomes effective from the day of its signing.

[Signed] Governor of Irkutsk Oblast YU. A. NOZHIKOV

city of Irkutsk
17 July 1995
No 152

***Text of Decree Implementing Law**

954F2927B Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 4

[Text of government decree: "On the Irkutsk Oblast Law, 'On Introducing Changes and Amendments into the Irkutsk Oblast Law, "On the Oblast Budget for 1995'"," signed by Chairman of the Legislative Assembly I. Z. Zelent, place and date unknown]

[FBIS Translated Text] Having reviewed the Irkutsk Oblast law, "On Introducing Changes and Amendments into the Irkutsk Oblast Law, 'On the Oblast Budget for 1995,'" in accordance with Article 70 of the Rules, the Legislative Assembly HEREBY DECREES:

1. That the Irkutsk Oblast law, "On Introducing Changes and Amendments into the Irkutsk Oblast law, 'On the Oblast Budget for 1995'" shall be adopted.

2. That the Irkutsk Oblast law, "On Introducing Changes and Amendments into the Irkutsk Oblast Law, 'On the Oblast Budget for 1995'" shall be forwarded to Oblast Governor Yu. A. Nozhikov for signature.

3. The oblast administration shall be recommended to:

a) develop a mechanism for implementation of Article 9a;

b) perform coordination of the oblast budget with the local budgets and correction of the oblast budget with consideration for its fulfillment in 6 months, and introduce clarifications into the Irkutsk Oblast law, "On the Oblast Budget for 1995" for review at the September session of the Legislative Assembly.

[Signed] Chairman of the Legislative Assembly I. Z. ZELENT

***Irkutsk Oblast Ecological Fund Budget Law**

954F2928A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 4

[Text of Irkutsk Oblast law: "On the Oblast Ecological Fund Budget for 1995," signed by Governor of Irkutsk Oblast Yu. A. Nizhikov, place and date unknown]

[FBIS Translated Text] **Article 1.** The budget of the oblast extra-budgetary ecological fund for 1995 shall be ratified, by income in the sum of 6,817.0 million rubles (R), and by expenditures—in the sum of R6,817.0 million.

Article 2. The budget income of the oblast extra-budgetary ecological fund for 1995 shall be formulated from the following sources:

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Source of income	(million rubles)
Carryover from last year	1457.0
Payments for drainage and dumping of pollutant substances into the environment	5130.7
Payments for disposition of waste and other types of pollution	270.0

Article 3. The funds of the oblast extra-budgetary ecological fund shall be directed toward the following purposes in 1995:

No.	Expenditure	(million rubles)
1.	ECOLOGICAL PROGRAMS;	
1.1.	Regional target integrated ecological-economic program of Irkutsk Oblast "Baykal"	2127.5
1.2.	Federal target program of immediate measures for improving the sanitary-epidemiological situation and health of the population of the city of Bratsk in Irkutsk Oblast ("Ekologiya Bratska")	713.0
1.3.	"Ecology and Health"	674.1
1.4.	Development of material-technical base of committees on environmental protection and natural resources	665.8
1.5.	"Production waste and its utilization"	274.5
1.6.	Organization and introduction of a comprehensive system of ecological monitoring of Irkutsk Oblast	405.5
1.7.	"Radon"	35.4
1.8.	"Clean water"	652.0
1.9.	"Development of the network of specially protected territories and preservation of biological diversity"	172.0
1.10.	"Natural resources and their national application"	203.8
1.11.	"Ecological education and training"	185.1
1.12.	"Agro-ecological program"	150.0
2.	Implementation of international cooperation in the sphere of environmental protection	61.0
3.	Incentives to associates of the committees on environmental protection and natural resources, production collectives and citizens for their environmental protection activity	259.3
4.	Reserve	238.0

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Article 4. IMPLEMENTATION OF LAW

The present law becomes effective from the moment of its publication.

[Signed] Governor of Irkutsk Oblast Yu. A. NOZHIKOV

***Irkutsk Oblast Law on Territorial Road Fund**

***Text of Law**

954F2925A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 3

[Text of Irkutsk Oblast law, "On the Territorial Road Fund," signed by Irkutsk Oblast Governor Yu. A. Nozhikov, place and date unknown]

[FBIS Translated Text] The present law establishes the procedure of formulation and utilization of the monies of the territorial road fund.

Article 1. STATUS OF THE TERRITORIAL ROAD FUND

The Territorial Road Fund of Irkutsk Oblast (Fund) represents a specified portion of the financial resources formulated in accordance with the effective legislation of the Russian Federation and the oblast, and having independent sources of formulation and special purpose application. By its status, the Fund is an extra-budgetary fund.

The monies of the Fund may be consolidated within the complement of the oblast budget, with the order of consolidation being determined by oblast law.

The monies of the Fund are directed toward the realization of goals and tasks specified in the present law.

The financial means, other assets and property of the territorial road fund are oblast state property, and are held in the operative administration of the Fund.

Article 2. DIRECTION OF UTILIZING FUND MONIES

1. The monies of the Fund are allocated for the following purposes:

—maintenance and repair of general use automobile roads, improvement of their transport-operational state and conditions of safety for transport vehicles along them;

—planning, reconstruction and construction of automobile roads, structures located on them, as well as objects of the production base and objects of the social sphere, including housing construction for workers of road-maintenance organizations servicing general use automobile roads, which is included in the balance cost of the automobile roads;

—acquisition of road-maintenance technology, equipment and inventory;

—introduction of new technologies in the sphere of road management;

—seasonal procurement of road building materials and replentishment of the working capital of the road-maintenance organizations;

—administration of oblast road management;

—holding competitions for fulfillment of work on design, maintenance, repair, reconstruction and construction of objects of road management;

—repayment of bank credits and interst on them;

—scientific-research work and development;

—elimination of the consequences of natural disasters and other emergency situations by means of the Fund reserve, which is spent at the direction of the object administration.

Article 3. SOURCES AND ORDER OF FORMULATION OF FUND

1. The territorial road fund is formed at the expense of:

—the automobile road use tax;

—the tax on owners of transport vehicles;

—the tax on purchase of motor transport vehicles;

—other sources which are not prohibited by the effective legislation.

2. The road use tax is paid in the amount of 1.5 percent of the revenues (gross income) from the sale of products (work, services) and income from non-sale operations, and in the amount of 0.15 percent of the turnover of procurement, trade (including wholesale trade organizations) and independent supply-sale organizations. In computing the road use tax from the revenues on the sale of products (work, services), exception is made for the financial mutual accounting between the specific (structural) subdivisions of a single enterprise which does not have the status of a legal entity.

3. The tax on owners of transport vehicles is paid by the owners of the transport vehicles (automobiles, motorcycles, motor scooters, buses) and other self-propelled pneumatic-wheel machines and machinisms, in the following amounts for each horsepower of engine capacity:

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Name of object of taxation	Amount of yearly tax on one horsepower (% of minimal labor wage)
Passenger automobiles with engine capacity of:	
—up to 100 hp (up to 73.55 kW), inclusive	1.0
—over 100 hp (over 73.55 kW)	1.6
Motorcycles and motor scooters	0.4
Buses	2.5
Trucks and tractors with engine capacity of:	
—up to 100 hp (up to 73.55 kW), inclusive	2.5
—over 100 and up to 150 hp (from 73.55 to 110.33 kW)	5.0
—over 150 and up to 200 hp (over 110.33 to 147.1 kW)	6.0
—over 200 and up to 250 hp (over 147.1 to 183.9 kW)	6.5
—over 250 hp (over 183.9 kW)	9.0
Other self-propelled transport vehicles, pneumatic wheel machines and mechanisms (except for grain harvesting and specialized farm combines)	2.5

The sum of tax subject to payment to the territorial road fund is computed based on the amount of the minimal labor wage in effect at the moment of actual payment of the tax. With change in the amount of the minimal labor wage, re-computation and supplemental payment of the tax is not performed.

The tax on purchase of motor transport vehicles is established based on the selling price of the motor transport vehicle (without the value-added tax, excise taxes or special taxes) in the following amounts:

—trucks,, pick-ups, passenger vans, buses, special automobiles and passenger automobiles - 20 percent;

—trailers and semi-trailers—10 percent.

The uncompensated transfer of motor transport vehicles from the balance sheet of one structural subdivision to another of the same enterprise (institution, organization), which is a single taxpayer, is not subject to taxation.

5. Change in the rates of taxes credited to the territorial fund is performed by the oblast Legislative Assembly during ratification of the Fund budget for the next fiscal year.

6. Sums of tax payments by legal entities are included in the complement of expenditures for production and sale of the product (work, services), and by entrepreneurs—in the expenditure column of the income declaration.

7. The Fund budget is developed by the Fund's organ of administration in accordance with the present law.

8. Collection, accounting and control over receipt of taxes is performed by the oblast State Tax Inspectorate in conjunction with the Fund's administrative organ, on the basis of the statute ratified by the oblast administration.

Article 4. TAXPAYERS

1. Payers of taxes to the territorial road fund are individuals and legal entities, their associations and subdivisions on the territory of the oblast, if they have in their possession an object of taxation.

2. The following are not payers of taxes:

—enterprises performing maintenence of general use automobile roads;

—peasant (individual) farms, associations, joint-stock and other enterprises engaging in production of agricultural products whose relative share of income from the sale of these products in the overall sum of their income comprises 70 percent or more;

—enterprises providing consumer services in rural areas with volume of goods turnover and consumer services no less than 70 percent;

—budget institutions whose financing is performed from federal, oblast and local budgets;

—housing-municipal services enterprises subsidized from the oblast and local budgets, as well as enterprises of general use motor transport, on transport vehicles performing the transit of passengers (except taxis);

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—public associations of invalids using the transport vehicles for performing their charter activity.

3. The following citizens are exempted from payment of the tax on owners of transport vehicles and on purchase of motor transport vehicles:

—Heroes of the Soviet Union, Heroes of Socialist Labor, Heroes of the Russian Federation, citizens awarded the Order of Glory in three degrees, as well as their social associations;

—citizens who have been subjected to the effect of radiation as a result of the Chernobyl disaster;

—invalids of all categories and their associations;

—families with many children;

—participants in the Great Patriotic War and persons eqivalent to them.

4. The following are exempted from payment of the tax on purchase of motor transport vehicles:

—citizens purchasing passenger automobiles for personal use;

—auto enterprises of oblast and city health departments providing medical transport.

5. Owners of the following types of transport vehicles are not taxed: Industrial quarry transport; Other pneumatic-wheel self-propelled mechanisms and machines which are not subject to registration in accordance with the established procedure at the state auto inspectorate, the military auto inspectorate, Gosselkhoznadzor [State Agricultural Inspectorate], ministries and departments, as well as other analogous agencies issuing state symbols authorizing participation in road traffic.

Article 5. UTILIZATION OF FUND MONIES

1. The monies of the territorial road fund are kept in a special account opened at an institution of an authorized bank by the Fund's administrative organ. They are not subject to confiscation and must be spent in accordance with their specified purpose.

2. The utilization of the Fund monies is performed in accordance with the law, "On the Budget of the Territorial Road Fund", adopted annually by the Legislative Assembly of Irkutsk Oblast within the complement of the oblast budget.

The selection of a contractor (executor of work) at the expense of the Fund monies is performed on a competitive basis.

3. Temporarily unused Fund monies may be placed by the administrative organ into commercial banks authorized by the oblast administration, by agreement and for the purpose of replentishing the Fund monies.

4. Monies received from the road use tax in the amount of 0.2 percent of the volume of sale of goods (work, services) are allocated for the repair and reconstruction of municipal roads which have been handed over to municipal ownership. The procedure of transfer is defined by the oblast administration.

Article 6. ORGANS OF ADMINISTRATION OF THE TERRITORIAL ROAD FUND

The administration of the territorial road fund is performed by the Fund's governing board, whose membership and principle is ratified by the oblast head of administration.

The basic functions and tasks of the Fund governing board are:

—review and coordination of allocating monies of the territorial road fund and their use for the specified purposes;

—review and coordination of the developed budget of the territorial road fund; estimates of expenditures for maintence of executive directorate of the Fund;

—presentation of draft budget of the territorial road fund for ratification by the oblast Legislative Assembly;

—review and coordination of annual reports and annual accounting of the use of Fund monies;

—presentation of annual reports to the oblast administration and the Legislative Assembly.

The functions of the executive directorate of the Fund are performed by the oblast road administration.

The basic functions of the executive directorate of the Fund are:

—development of a draft budget of the territorial road fund;

—formulation of the Fund;

—administration of financial operations in regard to Fund activity;

—preparation of annual reports on the utilization of the monies of the territorial road fund;

—publication of reports on the utilization of monies of the road fund in the mass media;

—accounting and control over proper utilization of the monies of the territorial road fund which have been handed over for administration to the organs of local self-government.

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Article 7. CONTROL OVER UTILIZATION OF THE MONIES OF THE TERRITORIAL ROAD FUND

1. Control over the utilization of Fund monies is performed by the oblast administration and the oblast main financial administration within the limits of their competency.

2. Control over fulfillment of the articles of the Fund budget is performed by the oblast Legislative Assembly.

Article 8. ACCOUNTING AND RESPONSIBILITY FOR UTILIZATION OF FUND MONIES

The order of accounting for the utilization of the Fund budget and the responsibilities of the officials are defined in Articles 8 and 9 of the Irkutsk Oblast law, "On State and Local Extra-Budgetary Funds."

Article 9. IMPLEMENTATION OF THE PRESENT LAW

1. The present law shall become effective as of 1 July 1995.

2. The following shall be considered as no longer in effect:

—The statute on the order of formulation, special purpose allocation and utilization of monies of the territorial road fund, ratified by decision of the Minor Soviet of the Irkutsk Oblast Soviet of People's Deputies on 16 March 1993, No 17/4-MC, "On Introducing Amendments into the Statute on the Order of Formulation, Special Purpose Allocation and Utilization of Monies of the Territorial Road Fund."

[Signed] Governor of Irkutsk Oblast Yu. A. NOZHIKOV

***Text of Decree Implementing Law**

954F2925B Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 3

[Text of government decree: "On the Irkutsk Oblast Law, 'On the Territorial Road Fund'," signed by Chairman of the Irkutsk Oblast Legislative Assembly I. Z. Zelent, place and date unknown]

[FBIS Translated Text] Having reviewed the Irkutsk Oblast law, "On the Territorial Road Fund," the Legislative Assembly HEREBY DECREES:

1. That the Irkutsk Oblast law, "On the Territorial Road Fund," shall be adopted.

2. That the law shall be sent to Governor of Irkutsk Oblast Yu. A. Nozhikov for signature.

[Signed] Chairman of the Legislative Assembly I. Z. ZELENT

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Kazakhstan

Edict on Oil and Decree Implementing Edict

Text of Edict

954F2874A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 20 Jul 95 pp 1-3

[Edict of the President of the Republic of Kazakhstan having the force of law: "On Oil," signed by President of the Republic of Kazakhstan N. Nazarbayev on 28 June 1995 in Almaty]

[FBIS Translated Text] In accordance with Article 1 of the Republic of Kazakhstan Law of 10 December 1993, "On Temporary Delegation of Additional Powers and Authorities to the President of the Republic of Kazakhstan and Heads of Local Administration," for purposes of ensuring the protection of the interests of the Republic of Kazakhstan and its natural resources in the course of conducting oil operations, I hereby issue the present Decree.

Chapter 1. General principles

Article 1. Basic concepts and terms

In the present Edict:

"Block" shall be understood to mean any territory on dry land and on water located fully or partially within the Republic of Kazakhstan and designated as a block on a specially prepared block map.

"Inland water reservoirs" shall be understood to mean lakes, man-made water reservoirs and other surface water resources.

"Extraction" shall be understood to mean any operations which are associated with extracting oil on the surface, and include:

—construction and operation of underground and above-ground industrial equipment and structures;

—extraction of oil onto the surface, organization and maintenance of the working process in operational wells;

—refining and purification of oil;

—extraction of by-product components from the oil.

"Competent organ" shall be understood to mean a state organ to which the government of the Republic of Kazakhstan has delegated the rights directly associated with the conclusion of contracts.

"Contract" shall be understood to mean an agreement between the contractor and a competent organ for conducting oil operations.

"Contract territory" shall be understood to mean a territory set aside for conducting oil operations and defined by geographic coordinates.

"Commercial discovery" shall be understood to mean the discovery of one or several deposits which are profitable for development on the contract territory.

"Licensee" shall be understood to mean the user of the natural resource who has become the holder of the license.

"License" shall be understood to mean a permit issued to the user of the natural resource by the government of the Republic of Kazakhstan for the purpose of performing exploration and extraction for a specified term within the limits of the contract territory.

"Sea" shall be understood to mean the surface and stratum of water, the surface of the bottom of the Caspian and Aral Seas (lakes), from the initial shoreline along its entire extent within the boundaries of the Republic of Kazakhstan to its external marine boundaries established on the basis of agreements between the Republic of Kazakhstan and the states adjoining its shorelines.

"Marine scientific studies" shall be understood to mean the scientific-research work associated with conducting oil operations at sea.

"Deposit" shall be understood to mean one or several natural accumulations of hydrocarbons in a geological reservoir of any type.

"Main pipeline" shall be understood to mean an engineering structure consisting of a linear part and the above-ground objects, communications, tele-control and communications associated with it, intended for transporting oil from places of extraction (refining) to places of re-loading to another type of transport, refining or consumption. A pipeline which operates in the regimen of a collector is not related to the main pipeline.

"Natural resource user" shall be understood to mean any legal entity or individual, state and (or) international organization conducting oil operations in the Republic of Kazakhstan in accordance with the present Edict.

"Oil" shall be understood to mean crude oil and natural gas, as well as hydrocarbons obtained after purification of crude oil, natural gas and refining of oil shales or tar-laden sand.

"Oil operations" shall be understood to mean all work relating to the exploration, extraction and associated unified technological cycle of storing oil and pumping it by pipeline transport.

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"Contractor" shall be understood to mean a natural resource user who has concluded a contract with a competent organ in accordance with the present Edict.

"Positive practice of developing oil deposits" shall be understood to mean the practice which is generally applied by persons engaged in the performance of survey operations and extraction of oil in countries of the world, and which is rational, safe, effective and necessary in conducting oil operations.

"By-product components in oil" shall be understood to mean various sorts of metallic and other compounds contained in oil and stratum waters of deposits.

"States adjoining the shorelines" shall be understood to mean states adjoining and located opposite the basin of the Caspian and Aral Seas (lakes).

"Applied law" shall be understood to mean the law of the Republic of Kazakhstan, if this is directly specified by the legislative statutes or if the conditions of the contract do not define the applied law. In other cases, the law of the Republic of Kazakhstan or the law of another country may act as the applied law, depending on the conditions of the contract.

"Natural gas" shall be understood to mean the hydrocarbons which are found in a gaseous phase under normal atmospheric temperature and pressure, including rich gas, dry gas, casing-head gas remaining after extraction or separation of liquid hydrocarbons from rich gas, and non-hydrocarbon gas extracted together with liquid or gaseous hydrocarbons.

"Exploration" shall be understood to mean any operations which are associated with the search for and surveying of oil, and include:

—field geological-geophysical studies;

—structural drilling;

—drilling of search and exploratory wells, as well as experimental-industrial work at deposits located in the survey area.

"Crude oil" shall be understood to mean any hydrocarbons, regardless of their specific weight, extracted from the depths in liquid state under normal atmospheric temperature and pressure, including liquid hydrocarbons, known under the name of distillates or condensates formed from natural gas by means of natural condensation.

Article 2. Sphere of application of Edict

1. The present Edict regulates relations arising in the course of conducting oil operations on the territory which is under the jurisdiction of the Republic of Kazakhstan, including on the sea and in inland water reservoirs.

2. The present Edict operates in conjunction with the Code on Mineral Resources and Processing of Mineral Raw Materials and other legislative statutes of the Republic of Kazakhstan.

3. In the case of contradiction between the present Edict and other legislative statutes of the Republic of Kazakhstan in terms of regulating oil operations, the standards of the present Edict shall be applied.

4. Unless an international agreement in which the Republic of Kazakhstan is a participant specifies rules other than those which are contained in the present Edict, the rules of the international agreement shall be applied.

5. Licenses issued and contracts concluded prior to the implementation of the present Edict, as well as all statutes of the state organs of the Republic of Kazakhstan associated with them, shall remain in effect.

Article 3. Right of ownership of oil

1. All the oil naturally deposited within the depths of the Republic of Kazakhstan is the exclusive property of the Republic of Kazakhstan.

2. Owners of oil brought to the surface are determined by contract.

The right of management of oil brought to the surface belongs to the owner, unless otherwise specified by contract.

3. Oil returned to the underground depths for storage shall be viewed as oil which has been brought to the surface, and its owner defined by contract.

Article 4. Openness of conducting oil operations

All interested parties have the right to familiarize themselves in the licensing agency:

1) with the conditions of holding the competition (tender) of investment programs and the content of the decision regarding its results;

2) with the content of the license and contract, with the exception of its articles which are deemed by the parties to be confidential;

3) with the map and blocks of contract territory.

Chapter 2. Competency of organs of state administration in the sphere of conducting oil operations

Article 5. Competency of the government of the Republic of Kazakhstan

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The government of the Republic of Kazakhstan:

1) develops a strategy for utilization, rates of reproduction and further expansion of oil resources;

2) establishes the rules for utilizing and protecting mineral resources, as well as unified rules for development of oil and gas deposits;

3) controls the compilation of republic balances of oil reserves; organizes state accounting of the study of the mineral resources (blocks);

4) provides for the formulation of strategic reserves of oil and the accounting of their location on the territory of the republic;

5) introduces limitations on the use of mineral resources on individual sectors, as well as the conservation of deposits for purposes of providing national security, protection of the environment, safety of the population and the interests of future generations;

6) defines price policy;

7) implements the process of conducting the competition of investment programs and licensing of the oil operations;

8) implements control over the course of fulfillment of contracts;

9) exercises other powers and authorities in the field of oil operations granted to it by the legislative statutes of the Republic of Kazakhstan.

Article 6. Functions of the competent organ

1. The functions of the competent organ include:

1) conducting negotiations with the contractor on conditions of the contract and preparation of the draft contract in conjunction with the contractor;

2) organizing an independent expert evaluation of the draft contract documents;

3) signing the contract;

4) submitting the contract for registration to the licensing agency;

5) obtaining land, mining and geological allotments for the contractor;

6) presenting an annual report to the government on the course of fulfillment of the contract;

7) at the direction of the government of the Republic of Kazakhstan, conducting negotiations and concluding agreements with the appropriate agencies of other states, ensuring the possibility of fulfillment of the contract, construction and operation of pipelines and other means of transport on their territory for the export of oil.

2. The competent organ is obligated to:

1) ensure adherence to the interests of the Republic of Kazakhstan;

2) conclude contracts for extraction only after an expert appraisal of the reserves of the deposit by the state organ.

Article 7. Competency of local representative and executive organs

Local representative and executive organs:

1) upon issuance of a license, grant land allotments to the contractor in accordance with the land legislation of the Republic of Kazakhstan;

2) participate in the implementation of the state program for development of the oil and gas sector of the Republic of Kazakhstan on their territory, with consideration for the economic and ecological peculiarities of the region;

3) within the limits of the competency granted to them by legislative statutes, implement control over the protection of land and water areas set aside for conducting oil operations, and over adherence to the rules of ecological safety, preservation of archeological monuments and other objects of historical-cultural heritage;

4) participate in negotiations with the contractor for resolving questions associated with the preservation of the socio-economic and ecological interests of the population.

Chapter 3. Competition of investment programs for the right to conduct oil operations

Article 8. Forms of granting rights to conduct exploration and extraction

1. The right to conduct exploration and extraction is granted on the basis of a competition. In the absence of the necessary number of participants for holding the competition (less than two), the said right may be granted on the basis of direct negotiations.

2. The Government of the Republic of Kazakhstan has the right to conduct direct negotiations with mineral resource users for conducting oil operations without holding a competition.

Article 9. Conditions of holding a competition of investment programs for the right to conduct oil operations

1. The competition for the right to conduct oil operations may be open or closed.

The conditions of holding an open competition must be publicized, and those of a closed one—brought to the

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attention of all participants no later than 90 days prior to the moment of conducting the competition.

All persons wishing to participate in the competition have the right to receive information associated with the procedure of holding the competition.

2. Notification of conducting the competition must contain:

1) the time and place at which it is to be held, as well as the deadline for filing applications;

2) the principle conditions of the competition;

3) indication of the location and description of the blocks which are to be presented for conducting oil operations.

The notification also indicates the initial amounts of payments to the budget (lease payment, bonuses, royalties, taxes and other payments), the cost of the packet of geological information, and the amount of the fee for the right to participate in the competition.

Article 10. Application for the right to participate in a competition of investment programs

1. The application for participation in a competition must contain:

1) the name of the applicant, his address, state affiliation (for legal entities), and citizenship (for individuals);

2) information on the managers or owners of the applicant—legal entity and persons who will represent the applicant in obtaining the license;

3) information on the technical, administrative, organizational and financial capacities of the applicant.

2. The competition proposal is appended to the application.

Article 11. Competition proposal

1. Within the terms set forth in the conditions for the competition, the applicant compiles a competition proposal for the right to conduct oil operations. An evaluation of correspondence of the technical-economic indicators developed by the applicant to the conditions of the competition is performed by an expert commission and formulated by protocol. The formulation of the number of applicants receiving a positive conclusion of the expert commission is performed by the licensing agency.

2. The competition proposal for the right to conduct exploration work must contain:

1) information on the previous activity of the applicant, including a list of countries in which he performed his activity in the past 5 years, and a bank statement on the financial status of the applicant;

2) the applicant's statement of intent regarding conditions of conducting the oil operations, including a program of operations and expenditures for their implementation;

3) the applicant's statement of intent regarding environmental protection, including reclamation and restoration of the territory;

4) the numbers of the blocks for which the application is filed;

5) the sources of financing of the oil operations (one's own or borrowed funds);

6) the period which is required for implementation of the investment program.

3. The application for extraction must also contain:

1) data on the license for exploration and results of its application, if the applicant has such;

2) a plan for development of the deposits, including the amount of oil which is to be extracted;

3) anticipated time of start of extraction and of reaching its maximal level;

4) estimate of expenditures associated with extraction and of income to be received from the sale of the oil;

5) proposed monetary revenues to the Republic of Kazakhstan and capital investments into the development of the production and social infrastructure of the contract territory.

4. The application for obtaining joint rights to exploration and extraction must, as a rule, meet conditions required in the application for obtaining the right of performing exploration and extraction work.

Article 12. Procedure and terms of reviewing applications

1. The application is taken under review after payment of the fee for the applicant to participate in the competition. The amount of this fee is established by the licensing organ. The applicant is officially notified regarding acceptance of his application for participation in the competition within a month's time from the day of its receipt. The expert evaluation of applications is performed in the process of the competition.

2. Upon acceptance of the application for participation in the competition, the applicant is given, for payment, a packet of geological information on the section of contract territory which is of interest to him. The

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packet must contain the volume of geological, mining-technical, technological and other information necessary to the applicant for developing a program of work and technical-economic indicators on conducting oil operations.

Article 13. Summary of competition

The winner of the competition is determined on the basis of a combination of the following basic criteria:

1) the time of undertaking and the intensity of performance of the exploratory work;

2) the time of undertaking extraction and reaching its maximal level, as well as the maximal coefficient of extraction of the oil;

3) the proposed amounts of initial, as well as subsequent, payments to the budget;

4) the amount of investments, terms and conditions of financing the project and capital investments into the development of the production and social infrastructure of the contract territory;

5) the adherence to requirements on protection of mineral resources and the environment and the safe performance of work.

Article 14. Refusal of the right to participate in a competition of investment programs

Refusal of the right to participate in a competition of investment programs may occur in the following cases:

1) filing of the application in violation of the requirements of Articles 10 and 11 of the present Edict, as well as in violation of the conditions of the competition;

2) intentional submission of false information by the applicant;

3) applicant's failure to submit documental evidence showing that he possesses or will possess the technical, organizational, administrative and financial capacities necessary for conducting oil operations, as indicated in the application.

Chapter 4. Licensing exploration and extraction

Article 15. Conditions and procedure for issuing licenses

1. A person who, as a result of competition or negotiations, has been granted the right to conduct oil operations, in accordance with the procedure established by the Edict which has the force of law, "On Licensing," is issued a license, taking into consideration the additional requirements provided in the present Edict.

2. Users of mineral resources occupying the contract territory prior to the time when the present Edict goes into effect are issued licenses for extraction, as a rule, on the basis of negotiations.

3. In case of commercial discovery, the holder of the license for exploration has the exclusive right to obtain a license for extraction, under the condition of fulfillment of the requirements specified in the license for exploration.

4. Applications for receipt of licenses issued on the basis of negotiations of the applicant with the licensing agency are reviewed within 2 months from the day of their receipt. The term of review of the application may be extended up to 6 months, and the applicant must be given written notification of this fact. Issuance of a license on the basis of negotiations is performed with the mandatory performance of an expert evaluation of the application.

Article 16. Issuance of a license

1. No one has the right to perform exploration and extraction without the appropriate license.

2. The contract must correspond to the conditions of the license. Principles of the contract which are in contradiction to the license are invalid.

3. Prior to conclusion of a contract, the content of the license may be amended only by mutual consent of the licensee and the issuer of the license (licensor). After the contract is concluded, the license may be amended only by mutual consent of the licensor and the parties to the contract.

Amendment of the license entails the need for appropriate amendment of the contract.

4. The license for the right to perform exploration and extraction is the basis for formulation of geological, mining and land allotments.

Article 17. Licensing agency (licensor)

Issuance of licenses for the right to perform exploration and extraction is performed by the government of the Republic of Kazakhstan.

Article 18. Types of licenses

Licenses are subdivided into a license for exploration and a license for extraction. A joint license may also be issued—a license for both exploration and extraction.

Article 19. Term of effectiveness of license

1. A license for exploration is issued for a term of up to 6 years. The licensee has the right to extend the term of effectiveness of the license under the condition of fulfillment of the program of work and fulfillment of other responsibilities specified in the license and in

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the contract. The term of effectiveness of the license for exploration may be extended two times, each time for a duration of up to 2 years. If oil is discovered, the licensee has the right to extend the license for the period necessary for appraisal of the commercial discovery. If the holder of a license for exploration has filed application for obtaining a license for extraction, the term of effectiveness of the license for exploration is extended for the period of review of the application for receipt of the license for extraction.

2. The license for extraction is issued for a term of up to 25 years. For deposits with extraction reserves in excess of 100 million tonnes of crude oil and/or in excess of 100 billion cubic meters of natural gas, the license for extraction may be issued for a term up to 40 years. The term of the license for extraction may be extended if the licensee applies for extension of the term no later than 12 months prior to expiration of the term of effectiveness of the license.

3. The application to extend the term of effectiveness of the license must be reviewed no later than 3 months from the day of its receipt by the licensing agency. When the term of a license is extended, the licensee must pay a fee in the amount determined by the government of the Republic of Kazakhstan for issuance of the license (licensing fee). Licenses which have been revoked by the licensor are not subject to extension.

Continuation of oil operations by the holder of a license which has been revoked is possible only under the conditions of issuance of a new license in accordance with the procedure established by the present Edict.

4. A joint license is issued for a term which includes the periods of exploration and extraction, with consideration of possible terms of extension.

5. The term of effectiveness of a license is computed from the day of its registration in the licensing agency.

Article 20. Territorial sphere of effectiveness of licenses

1. The territory of the Republic of Kazakhstan is divided into blocks of rectangular form, with the exception of cases when the boundary of a block coincides with the boundaries of the republic. The size of the blocks is limited to 10 minutes of the geographic coordinate grid. The block map, where each block has an ordinal number, is approved by the government of the Republic of Kazakhstan.

2. The contract territory may include one block or a system of blocks, either contiguous with each other or separate. A block (blocks) defined as the contract territory may be limited to a certain depth. In granting a license for the right to conduct oil operations at sea, the contract territory is defined by the area of the sea bottom, with indication of the geographic coordinates of its boundaries, within the limits of which the activity specified in the license is permitted.

3. If, in the process of conducting oil operations, it is discovered that the geographic boundaries of the deposit beds extend beyond the boundaries of the contract territory specified in the license, the question of their expansion must be resolved supplementally by the licensing agency.

4. The conditions of return of the contract territory are defined in the contract. Moreover, during the period of the term of effectiveness of the license for exploration (prior to its extension), at least 50 percent of the contract territory must be returned, with the exception of territory on which a commercial discovery has been made.

Article 21. Rights and responsibilities of the licensee

Licensees possess all the rights specified in the license and stemming from it, and bear responsibility for failure to adhere to its conditions.

Article 22. Termination of the effectiveness of the license

The effectiveness of the license is terminated:

1) upon expiration of the term of effectiveness specified in the license;

2) upon its revocation by the licensing agency in accordance with Article 23 of the present Edict;

3) in the case of dissolution or change in the conditions of the contract concluded on the basis of the license;

4) in the case of liquidation or re-organization of the legal entity in whose name the license was issued.

Article 23. Suspension of a license

1. The licensing agency has the right to suspend a license in those cases when the holder of the license:

1) conducts oil operations which are not specified in the license;

2) performs activity within the scope of the license, but according to a program not specified by the contract;

3) in the process of his activity, systematically violates the legislation of the Republic of Kazakhstan in regard to protection of mineral resources, environmental protection and safe performance of work.

2. In the case of suspension of the license, the licensing agency gives written notification to the licensee regarding the reason for such suspension, and establishes a reasonable term for their correction.

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3. Upon correction of the reasons necessitating the suspension of the license, it is immediately renewed, and written notification of this fact is given to the license holder.

4. Suspension of a license entails suspension of the contract concluded on the basis of the said license.

Article 24. Revocation of a license

1. The licensing agency has the right to revoke an issued license only in the following cases:

1) upon refusal of the license holder to correct the causes which led to the decision on suspension of the license, or upon failure to correct these reasons within the established time, adequate for their elimination;

2) upon establishing the fact that the licensing agency had knowingly been given false information, which had a significant influence on its decision to issue the license to the given subject;

3) upon establishing in judicial order the fact of granting of unlawful benefits to claimants, or liberalization of conditions and reduction of the amount of payments to the budget;

4) in the case of the contractor's failure to take measures specified in Article 38 of the present Edict.

2. Revocation of a license entails dissolution of the contract concluded on its basis and collection of losses inflicted by the early dissolution of the contract from the licensee.

Chapter 5. Contracts

Article 25. Types of contracts

1. The following types of contracts are used in conducting oil operations in the Republic of Kazakhstan:

—on division of products;

—on provision of services;

—on joint activity (with or without formation of a legal entity).

2. Depending on the conditions of the specific oil operations and other circumstances, combined and other forms of contracts are permitted.

Article 26. Term of effectiveness and conditions of contract

The term of effectiveness and conditions of a contract are determined by agreement of the parties in accordance with the applicable law and the license, and with consideration for the principles of the standard contract approved by the government of the Republic of Kazakhstan.

Article 27. Procedure of conclusion and registration of contract

1. Upon its signing, a contract must, in mandatory order, be coordinated with the state organs dealing with questions of public health and sanitation, ecology, protection of mineral resources and rules of safe performance of mining operations. The term of coordination should not exceed 15 days from the day of receipt of the contract documents by the appropriate agency.

2. Prior to its signing, a contract is subject in mandatory order to economic and legal expert evaluations. The term of conducting the expert evaluation should not exceed 30 days from the day the contract documents are submitted to the expert commission.

3. The contract is registered in the government of the Republic of Kazakhstan. The contract goes into effect on the day of its registration, unless other, later, terms of implementation are stipulated in the contract.

4. The procedure of concluding contracts is defined by the government of the Republic of Kazakhstan.

Article 28. Deeming a contract invalid

1. A contract is deemed to be invalid if the license issued to the contractor is deemed invalid, if the contract is concluded without prior receipt of a license, as well as for other reasons specified by the legislative statutes of the Republic of Kazakhstan.

2. A contract to conduct oil operations in which a party to the contract is not a competent agency is invalid.

Article 29. Amendment and termination of a contract

1. The conditions of a contract may be amended only in the presence of written consent of the contractor and the competent agency, provided they correspond to the requirements of the license.

2. The contractor and competent agency may terminate the effect of the contract only on the grounds and in accordance with the procedure specified in the contract. Revocation of the license entails termination of the contract. The parties are not absolved of fulfillment of current responsibilities which remained unfulfilled at the moment notification of termination of the contract is given.

3. In the case of early termination of a contract, the contractor has the right to independently dispose of the property held in his ownership, unless otherwise specified by the contract. Moreover, the competent agency has the priority right to acquire the said property. Questions of transfer of right of ownership on property belonging to the contractor during the period of effectiveness of the contract, as well as upon expiration of its

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term of effectiveness, are stipulated in the contract. The contractor is obligated to leave the contract territory in a condition corresponding to the requirements of the rules on mining and sanitary oversight and on protection of mineral resources and the environment, ratified in accordance with the established procedure.

4. In the case of amendment of the conditions of the contract at the proposal of the contractor, necessitated by the formation of a new legal entity or consortium (make-up of consortium participants), issuance of the license to the newly created legal entity or consortium participants is performed in accordance with the procedure specified by the present Edict, after termination of the effectiveness of the previously issued license.

Chapter 6. Conducting oil operations

Article 30. Conditions of conducting oil operations

1. Conditions of conducting oil operations, including the mandatory program of work, are defined in the contract in accordance with the legislation of the Republic of Kazakhstan. If, as a result of the exploration, a deposit (deposits) is (are) discovered, the contractor must notify the competent agency regarding the discovery, make an appraisal of the deposit, and prepare a conclusion on its commercial or non-commercial significance. The time limits for reporting the discovery, appraisal, and procedure of discussing the adoption of the decision on the commercial value of the discovery are stipulated in the contract.

2. In the case of commercial discovery, the contractor is granted the right to full or partial compensation of expenditures in accordance with the conditions of the contract.

3. If the contractor refuses to develop the commercial discovery, the licensing agency has the right to grant this discovery to another contractor.

4. If, as a result of the exploration, a commercial discovery is not made, the contractor does not have the right to compensation of the funds which he has invested.

Article 31. Joint development of deposits

1. Joint development of a deposit means coordination of operations on extraction between contractors in different parts of the same deposit.

2. The contractors may conclude a written agreement amongst themselves on joint development of the deposit. This agreement is subject to coordination with the competent organ.

Article 32. Man-man islands, dams, structures and installations

1. The Republic of Kazakhstan has the exclusive right to permit and regulate the development, operation and utilization of man-man islands, dams, structures and installations intended for conducting oil operations at sea, scientific research and other purposes, under the condition of protection and preservation of the environment and the biological resources.

2. Safety zones are established around such man-made islands, dams, structures and installations, which extend to a distance of 500 meters from each point of their outside edge. Islands, dams, structures and installations, as well as the safety zones surrounding them, are located in places where they cannot become a hindrance along customary sea routes having significant importance for international shipping and fishing.

3. The organizations responsible for the maintenance and operation of man-made islands, dams, structures and installations must ensure their protection and maintenance of permanent means of warning of their location.

4. Abandoned or unusable man-made islands, dams, structures and installations, if they cannot be used for economic or other purposes, must be dismantled to such degree that they do not pose a threat to the safety of people, or a hazard to shipping and fishing.

5. Installation, operation and utilization of man-made islands, dams, structures and installations is performed in accordance with the statute on the order and conditions of issuing permits for installation, operation and utilization of man-made islands, dams, structures and installations in conducting oil operations, ratified by the government of the Republic of Kazakhstan.

Article 33. Dumping and burial of waste associated with conducting oil operations at sea

1. Dumping and burial of waste associated with conducting oil operations at sea is prohibited.

2. Drainage of industrial waters into the sea is performed only with the permission and supervision of the organs of state control, under the condition that such drainage waters are purified to the established standards.

Article 34. Marine scientific studies

1. Marine scientific studies may be performed by Kazakhstani as well as by foreign legal entities and individuals, foreign states and competent international organizations.

2. In conducting marine scientific studies, the following principles must be adhered to:

1) marine scientific studies must not create unjustified interference to other lawful types of utilization of the sea;

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2) marine scientific studies must be conducted by the proper scientific methods and means, with adherence to environmental measures;

3) all data collected in the process of marine scientific studies, after their processing and analysis, must be handed over to the Republic of Kazakhstan and must not be freely disseminated or published without prior permission of the government of the Republic of Kazakhstan.

3. Marine scientific studies may be performed only with the permission of the government of the Republic of Kazakhstan. The procedure for conducting marine scientific studies is ratified by the government of the Republic of Kazakhstan.

Article 35. Right of the Republic of Kazakhstan to acquisition of oil

1. The Republic of Kazakhstan has first priority right to acquisition of oil from the share of foreign mineral resource application or non-state mineral resource application of the Republic of Kazakhstan at world market prices. The maximal volume of acquired oil, the procedure for determining prices and the form of payment are stipulated in the contract.

2. Conditions of acquisition of oil from a state mineral resources user are determined by the government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

Article 36. Requisition and compensation for oil

1. In case of war, natural disaster or other cases specified by the legislation on emergency situations, the government of the Republic of Kazakhstan has the right to requisition part or all of the oil belonging to the user of the mineral resources with the right of ownership or with the right of economic management. The requisition is performed in amounts necessary for ensuring the needs of the Republic of Kazakhstan for the duration of the entire period of emergency situation. Moreover, the requisition is performed from all users of mineral resources in equal proportions of the level of actual extraction of oil, regardless of the form of their ownership or state affiliation.

2. The Republic of Kazakhstan guarantees compensation for requisitioned oil in kind or in payment of its value to a foreign mineral resources user in freely convertible currency, and to the national mineral resources user—in national currency at the world market prices in effect on the day of the requisition.

Article 37. State control over conducting oil operations

State control over conducting oil operations is implemented by the state organs (within the limits of their competency) in accordance with the effective legislation of the Republic of Kazakhstan. The workers of these organs, in implementing inspections, must ensure preservation of commercial secrets.

Article 38. Control over extraction of oil

If a contractor, without justification, does not begin extraction or extracts oil at an insufficient level with consideration of the geological capacities of the deposit, the licensing agency may give the contractor written notification of the need to take such measures within the specified times which would ensure extraction in the volumes substantiated by positive practice of development of deposits. If the notification is not fulfilled within the established period of time, the licensing agency may revoke the license in accordance with Article 24 of the present Edict.

Article 39. Measurement of extracted oil

1. Measurement and weighing of oil extracted on the contract territory are performed by the contractor in accordance with the method approved by the government of the Republic of Kazakhstan.

2. The contractor systematically, after a period of time specified in accordance with the established procedure and with the participation of a representative of the competent organ, performs testing of the equipment and instruments used for weighing and measuring the oil.

3. If, upon testing or inspection, it turns out that the equipment or instruments have defects, then, if it is impossible to determine the duration of the failure, the term of the defect is defined as half of the time from the previous measurement to the day of determining the defect.

Chapter 7. Rights and responsibilities of the contractor

Article 40. Rights of the contractor

The contractor has the right:

1) on an exclusive basis, to conduct oil operations on the contract territory, if this is specified by the license and the contract;

2) to build facilities of the industrial and social sphere on the contract territory which are necessary for implementing the normal course of work, as well as to use, upon agreement with the owners, general use facilities and communications on the contract territory as well as outside its boundaries;

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3) to hire subcontractors for performing individual types of work associated with conducting oil operations;

4) to dispose of the share of oil (product) and by-product components belonging to him in the Republic of Kazakhstan, as well as beyond its boundaries, including that obtained in performing experimental-industrial work and exploratory operation of individual wells, with the exception of cases specified by Articles 35 and 36 of the present Edict;

5) in first priority order, to conduct negotiations on extending the term of effectiveness of the contract above the terms specified in Article 19 of the present Edict;

6) to reject all or part of his rights and to terminate his activity on the contract territory as well as in the republic under the conditions specified in the contract.

Article 41. Responsibilities of the contractor

In the process of implementation of the contract, the contractor is obligated to:

1) select the most effective methods and technologies of conducting oil operations, based on the standards adopted in world industry;

2) utilize the contract territory only for the purposes specified in the license and the contract;

3) conduct oil operations in strict accordance with the applied law, to adhere to requirements on environmental protection and protection of the mineral resources;

4) not hinder other persons from freely moving about within the boundaries of the contract territory, utilizing general-use facilities and communications, or performing any type of work, including exploration, development and extraction of natural resources other than oil, if this is not associated with specific safety conditions and if such activity does not hinder the course of conducting oil operations;

5) adhere to the technological schemes and projects for conducting oil operations which have been ratified in accordance with the established procedure, and which ensure the safety of the personnel and the population;

6) give preference to equipment, materials and finished products produced in the Republic of Kazakhstan, if it is competitive in its ecological and technical qualities, prices, operating parameters and conditions of delivery;

7) give preference to Kazakhstan enterprises and organizations in provision of services in the course of conducting oil operations, including the use of air, railroad, water and other forms of transport, if these services are competitive in price, effectiveness and quality;

8) give preference to Kazakhstani cadres in conducting oil operations;

9) provide the competent organ with a program of proposed work, as well as full information in the process of realization of the project;

10) present the necessary documents and information, and provide unhindered access to places of work for the control organs of the Republic of Kazakhstan in the fulfillment of their official functions;

11) hand over information on the content of oil operations to third persons, if such need arises, only with the mutual consent of the parties, unless otherwise specified in the contract;

12) present geological and geophysical information on the results of activity on the contract territory to the licensing agency;

13) pay taxes and other mandatory payments in a timely manner;

14) participate in the development of the social infrastructure in accordance with the contract;

15) preserve objects of cultural-historical significance;

16) predict long-term ecological and economic consequences of their economic activity;

17) restore at their expense the areas of land and other natural objects disrupted as a result of conducting oil operations to a condition suitable for their continued use, in accordance with the legislation of the Republic of Kazakhstan.

Chapter 8. Main pipeline transport

Article 42. Right of ownership of main pipeline

1. The main pipeline is an integral technological system and may be held in state as well as in other ownership.

2. Management of the main pipeline is performed by its owners, unless otherwise specified in the contract.

Article 43. Operation of main pipeline

1. Operation of main pipeline facilities is implemented in accordance with the rules of technical operation, safety and protection of main pipelines ratified by the government of the Republic of Kazakhstan.

The said rules are mandatory for fulfillment by all state organs, enterprises, land users, officials and citizens in their interaction with the owner of the main pipeline.

2. Power supply enterprises are prohibited from performing regimen measures on curtailing the established

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limits of power consumption without coordination with the owner of the main pipeline.

3. The owner of the main pipeline, in coordination with the local representative and executive organs and other interested enterprises and organizations, develops joint measures for ensuring conditions of safe operation of main pipeline facilities, and prevention of possible accidents, emergencies and consequences.

4. The owner of the main pipeline bears responsibility for adhering to the rules of its technical operation, safety and protection.

5. Any type of work and actions are prohibited in the protected zone of the main pipeline which are not coordinated with its owner.

6. Within the limits of minimal distances established by the building standards and regulations, in order to ensure safety, construction of any objects not related to the main pipeline is prohibited.

Article 44. Mutual relations of the owner of the main pipeline with local representatives and executive organs and shippers

1. Local representative and executive organs do not have the right to interfere in the operative production activity of the main pipeline associated with the processes of pumping, storage and distribution of oil.

2. Workers of emergency services, emergency and special technology of the main pipeline cannot be deployed to other jobs.

3. With an existing reserve passage capacity of a main pipeline, its owners do not have the right to refuse to transport oil for a shipper. Moreover, shippers have equal rights to obtaining transport services, at equal rates.

Article 45. Construction, laying and operation of underwater pipelines and cables

Construction, laying and operation of underwater pipelines and cables are performed in accordance with the rules for safety and environmental protection in construction, laying and operation of underwater pipelines and cables, ratified by the government of the Republic of Kazakhstan.

Chapter 9. Environmental protection, safety of the population and personnel

Article 46. Status of environmental protection measures

The fulfillment of environmental protection measures and the protection of the health of the population and the personnel are performed in accordance with the effective legislation, and are a mandatory condition for implementing economic activity on prediction (planning) and design of all oil operations and their implementation.

Article 47. Ecological justification for signing contract

A necessary ecological basis for signing the contract is a positive conclusion of the state ecological expert committee on the ecological-economic substantiation of oil operations, performed on a variant basis, with mandatory assessment of the effect of the planned activity on the surrounding environment (OVOS) [assessment of environmental effect].

Article 48. Monitoring

Prior to the start of oil operations and for the duration of their entire period, the mineral resources user must create a system of obtaining operative comprehensive information on the changes occurring in the environment and the character of influence on it by the performed economic activity—monitoring, for the purpose of taking measures to eliminate and reduce the negative effect on the environment and to ensure the ecological safety of conducting oil operations.

Article 49. Conducting oil operations at sea, in inland water reservoirs, in zones of an extraordinary ecological situation and on specially protected objects of nature and culture

1. General permission on the feasibility of conducting oil operations at sea, in inland water reservoirs, in zones of extraordinary ecological situation and on specially protected objects of nature and culture is given by the President of the Republic of Kazakhstan upon presentation of the government of the Republic of Kazakhstan and on the basis of the conclusions of the state ecological expert commission.

2. The procedure of conducting oil operations at sea, in inland water reservoirs, in zones of extraordinary ecological situation and on specially protected objects of nature and culture is ratified by the government of the Republic of Kazakhstan.

3. Transport of oil in a protected part of the sea in the course of exploitation of deposits is performed by pipelines, with adherence to the requirements established by the legislation on environmental protection.

Chapter 10. Commercial conditions

Article 50. Currency operations

The order of implementing currency operations by the contractor and the subcontractor is determined by the legislation of the Republic of Kazakhstan.

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Article 51. Customs regimen

The customs regimen is implemented in accordance with the legislation of the Republic of Kazakhstan.

Article 52. Taxes and payments

In conducting oil operations, the contractor is the payer of taxes and other mandatory payments in accordance with the legislation of the Republic of Kazakhstan.

Chapter 11. Legal conditions

Article 53. Transfer of rights and responsibilities

1. The contractor may transfer to another legal entity or individual or to an international organization all or part of his rights and responsibilities under the contract, including by means of ceding the controlling packet of stock, only with the written permission of the licensing and competent organs. Conditions of transfer of rights and responsibilities of a filial organization are specified in the contract.

2. Expenditures associated with the transfer of rights and responsibilities performed in accordance with part 1 of the present article are charged to the contractor.

3. As long as the contractor retains any participation in the contract, he and the person to whom the rights and responsibilities are transferred bear joint responsibility for the contract.

Article 54. Right of ownership of information on mineral resources

The right of ownership of information on mineral resources is defined in accordance with the Republic of Kazakhstan Code on Mineral Resources and Processing Mineral Raw Materials.

Article 55. Insurance

1. Contractors are obligated to insure the property risks and liability risks associated with:

1) transporting and storing cargo delivered to the place of conducting oil operations;

2) the property of the contractor used in the process of conducting oil operations, including property rented or leased, as well as property of outside subcontractors who have been brought in;

3) pollution of the environment, including the land, and expenditures associated with eliminating the consequences of the loss inflicted upon the environment, including restoration and land reclamation;

4) general civic-legal responsibility to third parties.

2. Contractors are obligated to insure workers against accidents in production and work-related illnesses, including expenditures associated with treatment of workers for the consequences of accidents in production and work-related illnesses.

3. Insurance is implemented in accordance with the legislation of the Republic of Kazakhstan on insurance.

Article 56. Labor legal relations

Conditions of labor wages, regimen of work and rest, social provision and social insurance of citizens of the Republic of Kazakhstan working for a contractor are regulated by the legislation of the Republic of Kazakhstan.

Article 57. Guarantee of the rights of the contractor

The contractor is guaranteed protection of his rights in accordance with the legislation of the Republic of Kazakhstan. Changes and amendments in the legislation which worsen the position of the contractor are not applied to licenses and contracts issued and concluded prior to such changes and amendments.

Article 58. Resolution of disputes

1. Disputes associated with the issuance, refusal of issuance, suspension of a license or its revocation, conclusion and fulfillment of the contract are resolved, if possible, by means of negotiations, including with involvement of international experts, or in accordance with the procedure for settling disputes previously agreed upon in the contract.

2. If such disputes cannot be resolved in accordance with the principles of point 1 of the present article, any of the parties may hand the dispute over for resolution:

1) to the judicial organs of the Republic of Kazakhstan, empowered in accordance with the legislation of the Republic of Kazakhstan to review such disputes;

2) to international arbitration organs, in accordance with the Republic of Kazakhstan law, "On Foreign Investments;"

3) all other disputes, including disputes of the mineral resources user with legal entities and citizens of the Republic of Kazakhstan, are resolved by the authorized judicial organs of the Republic of Kazakhstan, unless otherwise specified by agreement of the parties.

Article 59. Order of implementation of the present Edict

The present Edict becomes effective as of 1 July 1995.

[Signed] President of the Republic of Kazakhstan N. NAZARBAYEV

Almaty, 28 June 1995

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Text of Decree Implementing Edict

954F2874B Almaty KAZAKHSTANSKAYA PRAVDA in Russian 20 Jul 95 p 3

[Decree of the President of the Republic of Kazakhstan: "On Measures for Implementation of the Edict of the President of the Republic of Kazakhstan Having the Force of Law, 'On Oil'," signed by President of the Republic of Kazakhstan N. Nazarbayev in Almaty on 28 June 1995]

[FBIS Translated Text] For purposes of implementation of the Edict of the President of the Republic of Kazakhstan having the force of law, "On Oil," I hereby decree that:

The Cabinet of Ministers of the Republic of Kazakhstan shall:

1) introduce a proposal on bringing the Republic of Kazakhstan Code on Mineral Resources and Processing of Mineral Raw Materials into line with the present Edict;

2) prepare and ratify prior to 1 November 1995:

—unified rules for development of oil and gas deposits;

—procedure for issuance of licenses on conducting oil operations;

—procedure of concluding contracts for conducting oil operations;

—procedure and conditions of mandatory insurance of oil operations;

—procedure of conducting oil operations at sea, in inland water reservoirs, in zones of extraordinary ecological situation and on specially protected objects of nature and culture;

—a statute on the procedure and conditions of issuing permits for the installation, operation and application of man-made islands, dams, structures and facilities in conducting oil operations;

—rules of safety and environmental protection in building, laying and operating underwater pipelines and cables associated with oil operations;

—procedure for performing marine scientific studies associated with conducting oil operations;

3) bring the decisions of the government of the Republic of Kazakhstan into line with the Edict which has the force of law, "On Oil;'

4) ensure, prior to 1 December 1995, the review and repeal by ministries and state committees and departments of the Republic of Kazakhstan their normative statutes which contradict the present Edict.

[Signed] President of the Republic of Kazakhstan N. NAZARBAYEV

Almaty, 28 June 1995

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